agency sell the contracts. Dr. Ross felt that the O.P.S. had a larger and more going sales organization and would be the logical one.

Under such a plan each group would have their own contract, Board of Directors, offices, and their own financial setup. Dr. Ross was told that the Hospital Plan must have 90¢ for each contract (a dollar for individual subscribers) minus the administrative cost for selling the same. Dr. Ross felt that it was inevitable that the total subscription rates would have to be increased. The Blue Cross would make contracts with all hospitals and pay all hospital costs for hospitalization. The Blue Cross name would be retained as far as the hospitalization program would be concerned. There would be interlocking directorship between the two organizations. Dr. Ross was very
9748 favorably inclined toward these proposals but stated, as was expected, that he couldn't act without the authority of his Board. He asked that the proposal be conveyed to him in a letter which he could present to the Board of Directors of the O.P.S. For the approval of the Plan Executive Committee, the enclosed letter to be sent to Dr. Ross, is submitted with this letter.

The meeting closed with the suggestion that each Board appoint three of its Directors to meet in a conference to further develop the principles discussed at this meeting.

Very sincerely yours,

(Signed) FRANK J. WALTER
Frank J. Walter

FJW/en
cc: Dr. Stanley Lamb
cc: Mr. Frank Dickson

Plaintiff's Exhibit 2075

9749 April 24, 1946

Mr. Frank J. Walter, Administrator
Good Samaritan Hospital
2266 Northwest Marshall Street
Portland 10, Oregon

Dear Mr. Walter:

A reply to your letter of April 16 has been delayed somewhat for the reason that I have desired to consider the contents thereof very carefully.

We are desirous of expressing a cooperative attitude to the fullest logical extent. However, it must be remembered that numerous negotiations have been carried on in the past and the results have invariably indicated that general principles usually receive full agreement from nearly all parties in the first instance of consideration, whereas the working details of joint or consolidated operation cause negotiations to bog down in the final analysis. With this thought in mind, I wish to suggest strongly that certain main points should be determined, definitely in advance and receive agreement, if possible prior to the starting of any series of meetings for negotiation purposes.

I believe that the following points should be considered before this is brought to the attention of our Board of Directors:

1. Oregon Physicians' Service operate throughout the entire state of Oregon. Therefore, definite assurance should be given that all or practically all recognized hospitals throughout the entire state would participate in any contemplated joint or unified plan of operation.

2. Nearly all contracts currently held by Oregon Physicians' Service are written on a calendar year basis, with automatic yearly renewal unless notification is given that changes will be made for any succeeding calendar year. Thus the current effective period of most O.P.S. contracts does not expire until December 31, 1946 and, consequently, any contemplated change in arrangements scarcely could be place in effect prior to January 1, 1947.

9750 3. Inasmuch as past negotiations have occasionally revealed demands on the part of certain persons

interested in hospitalization to the effect that the medical profession would have to enlarge medical coverages along various lines in order to match coverages offered by the existing hospital service plan, we believe that a definite statement should be made by you concerning just what type of medical coverage you would expect to be offered for possible use in a joint or unified operation. As you doubtless are aware, Oregon Physicians' Service now offers family surgical, obstetrical and fracture coverage in certain parts of the state in connection with the customary type of employe group full coverage contracts. However, it seems logical to us that the medical profession should not be confronted through any joint operation with demands for enlargement of medical coverage too quickly in any manner which might not prove to be a logical development along this line.

4. It also appears logical that you should state in advance your proposals concerning details of joint operation, including the handling of administrative duties, acquisition and other activities.

5. I wish to reiterate that it is my impression that key points should be settled in advance with definite written statements, such that unnecessary meetings will be avoided.

Again I wish to state that we will adopt a cooperative attitude toward this matter to the fullest logical extent. After receiving your written reply to the points mentioned herein, and to any other key points which may occur to you, we shall be pleased to consider the matter fully.

I enjoyed the opportunity of meeting you at Salem recently.

Sincerely yours,

D. R. Ross, M.D.

DRR:LR

Plaintiff's Exhibit 2076

9751 GOOD SAMARITAN HOSPITAL
2266 N. W. MARSHALL STREET
PORTLAND 10, OREGON

FRANK J. WALTER
ADMINISTRATOR

May 1, 1946

D. R. Ross, M.D.
Salem Clinic
Suite 1004
First National Bank Bldg.
Salem, Oregon

Dear Dr. Ross:

In reply to your letter of April 24 I will give you my own personal views regarding the questions which you raised.

1. The Blue Cross could not guarantee that all recognized hospitals throughout the state would participate in the plan anymore than the Oregon Physicians' Service can guarantee that every member of the Medical Society or every licensed physician will accept their plan. Hospitals are individualistic organizations, each governed by the dictates of their own Board of Directors, and, of course, cannot be forced to join such a movement. But the ideal which both the Oregon Physicians' Service and the Blue Cross Plan are struggling to maintain—the voluntary practice of medicine and hospitalization—is so vital that every hospital should feel it its duty to participate in the plan. I am sure the majority of hospitals will participate. I can assure you that all contracts made by Blue Cross, in event of a unified plan of operation, would include joint participation on the part of the hospitals. For non-participating hospitals the Blue Cross does make an allowance for per diem payment for hospitalization.

2. All of the Oregon Physicians' Service contracts naturally would have to be honored. No new contracts should be written separately after the merger plan is in effect and those in effect should be changed over as rapidly as possible. Since Blue Cross is in a position to buy hospitalization as cheaply as Oregon

Physicians' Service, there is no reason why an arrangement cannot be made with the Blue Cross for a specified sum to contract for the hospitalization required by these contracts during the interim.

3. The Blue Cross recognizes the fact that Oregon Physicians' Service is primarily interested, and rightly so, in presenting coverage for medical service and they should be the ones to determine what the coverages should include. No attempt should be made for
9752 enlargement of medical coverage which the medical profession, thru experience or for other reasons, cannot see its way clear to provide.

4. I hesitate to make any statements or proposals in advance concerning the details of joint operation. I fully realize that this has been the stumbling block in patient negotiations but feel that if the merger is carried out at all, both groups will have to grant concessions to the other. It would be very foolhardy on my part to outline a procedure not knowing the necessary details in operating the Oregon Physicians' Service. I can see no other way to have this accomplished than thru negotiation. That is why a committee of three from each group was suggested.

I feel that if the Bairds of the two groups can agree upon the general policies, other details of the operation of the plan will follow. I hope I have not been too vague in answering your questions and hope that if your Board approves, our committees of three can get together in the near future.

Sincerely yours,

(Signed) FRANK J. WALTER
Frank J. Walter

FJW/en

Plaintiff's Exhibit 2077

9753 MINUTES OF EXECUTIVE COMMITTEE

of

NORTHWEST HOSPITAL SERVICE PLAN

January 22, 1947

A meeting of the Executive Committee of the Northwest Hospital Service Plan was held at The First National Bank of Portland, Director's Room, on Wednesday, January 22, 1947, at 1:00 p.m.

• • • • •

9754 *O.P.S. Report*

Mr. Walter made a report on behalf of committee negotiating with the Oregon Physicians' Service regarding joint operation of the two organizations. No action was taken, but the committee was advised to continue conversations upon invitation of the Medical Society or the O.P.S.

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Plaintiff's Exhibit 2078

9755 MINUTES OF THE UNION CO MEDICAL SOCIETY.

July 27, 1948

Meeting called to order by President Dr. W. K. Ross

• • • • •

Report by Dr. Kirby on a telephone call from Dr. Joseph Brennan of Pendleton that Dr. Brennan had investigated Oregon Physician Service set up and suggested early formation of a separate pool for E. O. M. S. Motion made an unanimously approved that a letter be sent to Dr. Brennan stating that this society favored formation of separate O. P. S. pool for E. O. M. S.

• • • • •

Plaintiff's Exhibit 2079

9756 NORTHWEST HOSPITAL SERVICE PLAN

A NON-PROFIT HOSPITAL SERVICE CORPORATION
(Emblem)

THE
"BLUE CROSS PLAN"

Telephone BEacon 3128
1200 S. W. Morrison Street
PORTLAND 5, OREGON

December 1, 1944

Mr. W. C. Marshall
General Manager
Oregon Physicians Service
Pittock Block
Portland, Oregon

Dear Mr. Marshall:

Enclosed is a brief outline covering the major points to be considered in effecting a coordination of the medical and hospital benefits of the Oregon Physicians Service and the Northwest Hospital Service Plan, respectively.

These are suggestions only. I would be glad to have your thought on the matters referred to with a view to submitting a proposal for coordinated operation to our respective boards.

I am returning your copy of "The American People", the reprint by the National Physicians Committee concerning public opinion on medical care and prepayment plans, which I found very interesting.

Sincerely yours,

(Signed) FRANK DICKSON

FFD: mv

Plaintiff's Exhibit 2080

9757 December 4, 1944

Mr. Frank Dickson
Northwest Hospital Service Plan
1200 S. W. Morrison Street
Portland 5, Oregon

Dear Mr. Dickson:

This will acknowledge receipt of your letter dated December 1, 1944, together with a preliminary plan for the coordination of activities of Oregon Physicians' Service and the Northwest Hospital Service Plan.

We shall give this material considerable study and will be pleased to confer with you in the near future concerning the entire matter currently under consideration.

Sincerely yours,

OREGON PHYSICIANS' SERVICE
General Manager

WCM:LR

Plaintiff's Exhibit 2081

9758 OREGON PHYSICIANS' SERVICE
INTER-OFFICE CORRESPONDENCE

Mr. Marshall, Mr. Harvey, Mr. Manning
TO: Mr. Knox and Mr. Smith
FROM: Mr. Rubey
DATE December 4, 1944
SENT FROM .....

SUBJECT:—PROPOSAL MADE BY THE NORTHWEST HOSPITAL SERVICE PLAN

The outline of a merger plan submitted December 1 by Mr. Dickson is, in my opinion, essentially no different than any previous proposal emanating from them.

Under the heading "Hospital Service Contract", we are again faced with the problem of issuing individual policies because of the Blue Cross type of contract. This obviously will entail additional office work and overhead cost. Also, they propose to put on the limited Blue Cross benefits for dependents, with the unwarranted discrimination against the female members.

As to the matter of rates, Mr. Dickson suggests giving consideration to the increase of premium rates "in view of higher costs now existing in connection with medical and hospital service". It is apparent that nothing will be gained by tying up with the Blue Cross if a differential cannot be obtained in hospital rates because of the tie-up. O. P. S. is allowed to pay somewhat less than private rates to its doctors, so why shou'd not the hospitals be allowed somewhat less than private rates also. On the division of the rate, they are again holding out for their 75¢ a month. All of the statistics which we have developed both under Multnomah and O. P. S. cost experience clearly show that this rate is too high. Our average of hospital cost under O. P. S. through September 30, 1944 is 49¢ per month. Under no circumstances would I favor allowing Blue Cross more than 60¢ even on our own hospitalization benefits. On their own there should be even less.

In regard to "Administration", a definite proposal to consolidate the two offices is not made; merely to consolidate as many functions of the two offices as possible. The basis of allocation of the administrative cost, on gross income from contracts, is feasible. Dickson suggests that separate claims departments be maintained, with claims to be approved and rejected by the respective corporations. This seems to me to be an invitation for the confusion we had with the shipyard contracts.

9759 In the matter of "Sales" he mentions the post-war problem with the Kaiser Company contracts to which special consideration would be given. It is my belief that any consolidation should contemplate an entire divorcement of hospital service from O. P. S. or none whatsoever. Leaving O. P. S. responsible for the wash-up of the Kaiser contracts alone would not be a justified merger basis. I do not see that they have made any concession to O. P. S. for the substantial number of employe members under desirable classes of employment, and I still feel that O. P. S. should be compensated in some manner for handing over our present hospitalization coverage.

In general it appears that we are now no nearer a merger than we were in the fall of 1942 when MacNaughton was pressing for the amalgamation.

Plaintiff's Exhibit 2082

9760 August 20, 1948

Dr. W. C. Miller
5635 N. E. Alameda
Portland, Oregon

Dear Dr. Miller:

Your Committee has completed a study of several months paid bills for services rendered O.P.S. members by cooperating physicians in Multnomah County. We believe you will be surprised to learn that the study revealed that your bills have been exceeding the average of the bills of other cooperating doctors. This is particularly true with regard to the number of injections required for comparable conditions and in the number of complete work-ups billed.

The reasons for these inconsistencies are not clear to the Committee however it was felt that you would appreciate being informed of the situation so that you might consider the possible causes.

In line with the Committee's obligation to assure an equitable distribution of O.P.S. funds among the member doctors of the Multnomah County Pool the study is being continued. The Committee trusts that its review of future bills will find those from your office to be more in keeping with the general average for similar illnesses.

Sincerely yours,

OREGON PHYSICIANS' SERVICE
SUPERVISORY COMMITTEE FOR
MULTNOMAH COUNTY

R. H. Swinney, M.D., Chairman
T. J. Pasquesi, M.D.
Guy R. McCutchan, M.D.
R. H. Kaufman, M.D.
H. F. Riedel, M.D.
A. M. Boyden, M.D.
W. C. Reiner, M.D.

Plaintiff's Exhibit 2084

9762

STATE DEPARTMENTS
OREGON

MEETING ANNOUNCEMENTS

Portland, Ore.,
March 28, 1938.

COMMITTEE ON SURVEY OF MEDICAL AND PREVENTIVE MEDICAL SERVICE

Announcement has been made of the appointment by the Board of Trustees of American Medical Association of an Advisory Committee for the Survey of Medical and Preventive Medical Service. This committee is to cooperate with the Bureau of Medical Economics in outlining the necessary procedures in making further studies and reports of the prevailing need for medical and preventive medical service. John H. Fitzgibbon of Portland has been appointed to this committee and attended the meeting held at A.M.A. headquarters in Chicago on Thursday, March 24.

VISIT OF DR. LELAND

R. G. Leland, Director of the Bureau of Medical Economics of the American Medical Association, is planning to visit Oregon following the meeting of the Association in San Francisco in June. Dr. Leland desires to obtain information concerning the operation of physician-controlled plans of medical care for the low-income group. He will visit Medford, Eugene, Salem, Oregon City, and Portland.

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(This exhibit is part of the April 1938 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2085

9764

PLANS FOR THE MEDICAL CARE OF LOW WAGE-EARNERS

The Committee on Medical Economics submitted Preliminary Reports No. 2 and No. 3. In the first of these reports, the committee summarized the existing situation with respect to contract practice and expressed the opinion that prepaid medical care for the low-income group is here to stay and that some plan should be developed by

the society to replace the existing schemes of lay hospital associations and groups of physicians.

In the second of these reports, the Committee on Medical Economics restated its opinion that some plan of full-coverage, prepaid medical care should be established by Oregon State Medical Society to include, not only industrial groups, but all low wage-earners and eventually their families, the latter through a group hospitalization plan. The committee recommended that such a plan should be conducted by a statewide organization under standard contracts.

An extended discussion of the problem of providing medical care to the low-wage group followed the presentation of these reports. The Council instructed the Committee on Medical Economics to proceed with the development of a statewide plan of medical care for low wage-earners to be presented to the House of Delegates at its midyear meeting to be held June 25.

C. O. STURTEVANT,
Corresponding Secretary.

* * * * *

(This is part of the May 1938 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2086

9766

STATE SECTIONS

OREGON STATE MEDICAL SOCIETY

(Emblem)

SIXTY-SIXTH ANNUAL
MEETING, EUGENE, SEPT. 4-7

ORGANIZATION ACTIVITIES

COUNCIL AND BUREAU OF MEDICAL ECONOMICS OF OREGON STATE MEDICAL SOCIETY held a joint meeting in Portland May 11. It was preceded by a meeting of the Executive Committee George Henton reported that the Medical Service Bureaus, Hospital Associations and the Oregon State Pharmaceutical Association in a joint meeting adopted a resolution that there would be no more contracts written to include drugs after May 1, 1940, and that after 1941 all contracts would have drugs eliminated. This resolution is the direct result of the Bureau of Medical Economics work-

ing in cooperation with other associations and is a big step forward.

The Council confirmed the appointment of John Besson to the Bureau of Medical Economics to replace S. H. Sheldon.

C. E. Sears reported for the Committee on Cancer Control and stated that the Woman's Field Army had received $1700 in pledges as a result of a local campaign. This indicates that the public is very interested in the problem and is willing to lend its support. Dr. Sears stated that the public was asking for further information along the line of Cancer Control and the program of the Cancer Control Committee is to educate the public in early findings of cancer and to recall to the profession the necessity for early diagnosis and treatment of cancer. He further urged that the counties appoint Cancer Control Committees immediately so that these activities can be pursued in the separate counties with a maximum of effectiveness.

Committee on Postgraduate Education

This Committee has given careful consideration to the type of program of instruction to be offered to the medical profession of the state.

The Committee submits the following recommendations:

1. That for the next three years the instruction offered by the Society consist of a centralized course to be offered in connection with the annual session.

2. That the Society act as a clearing house of information concerning all sources of postgraduate instruction in the state for the purpose of avoiding duplication but not to impose its desires on district medical societies and other organizations offering postgraduate instruction.

3. That the Society assume the responsibility of publicizing to the medical profession of the state all the available forms of postgraduate instruction through Northwest Medicine and other proper media.

Karl H. Martzloff, *Chairman*
H. J. Clements
Morris L. Bridgeman

The Committee on Public Policy was requested to cooperate with the State Board of Health in drafting a

Venereal Disease Act which would be compatible with all the agencies concerned.

Bureau of Medical Economics

The Bureau of Medical Economics gave its approval to the proposed affiliation of the Tillamook Hospital with the Physicians and Surgeons Hospital Association of Salem.

Mr. John Caughell, Secretary of the Bureau of Medical Economics, gave a resume of his activities for the month and of the proposed activities for the ensuing few months. This office, so recently created, is besieged already with requests for assistance and analysis of various problems by groups of interested physicians and different parts of the state. One of the major accomplishments was the working out of the problem of the Coos Bay Hospital Association which had a limited membership. As a result of a conference of interested parties with Mr. Caughell and Mr. Willard Marshall, of the Physicians and Surgeons Hospital Association of Salem, mechanical problems were worked out for converting this limited membership into a county or regional bureau.

Mr. Caughell further reported that the next point of attack is in the Bend district which offers a peculiarly complex situation. He further urged that local communities be notified that labor unions are planning to organize hospital associations and that they will undoubtedly tackle those communities in which there is no local professional unity.

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Plaintiff's Exhibit 2087

9768 Oregon State Medical Society
Meeting of Council

Sixty-Seventh Annual
Meeting, Portland
September, 1941

(Emblem)

Organization Activities

A meeting of the Council of the Oregon State Medical Society was held at Mallory Hotel, Portland, at 6:30 p.m., Oct. 5.

President Martzloff introduced the following newly elected members of the Council: John D. Rankin of Coquille, Third Vice-President; Henry Garnjobst, Corvallis, Councilor for the Third District; C. J. Bartlett of Baker, Councilor for the Seventh District.

Morris L. Bridgeman, Secretary, presented a report of receipts and expenditures for the Eugene Session. Expenditures for the meeting totaled $1,744.66. Receipts from registration fees, technical exhibit space, and program advertising totaled $1,124,000. The net cost of the session to the General Fund of the Society was, therefore, $620.66.

Executive Committee

J. E. Buckley of Portland, G. H. Strickland of Oregon City, and L. S. Kent of Eugene were elected to the Executive Committee. Under an amendment to the by-laws at the Eugene Session, the Executive Committee has been reorganized and enlarged. In addition to the three elected members, the following officers are members of the Committee: President Karl H. Martzloff of Portland, Chairman; First Vice-President George E. Henton of Portland; Retiring President Charles E. Hunt of Eugene; Secretary Morris L. Bridgeman of Portland; and President-Elect W. W. Baum of Salem.

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Medical Indemnity Insurance

The report of the Comittee on the Study of Plans of Medical Indemnity Insurance was presented. The report contained the outline of a plan to make such insurance available to the wives of employees who are now subscribers of approved medical service bureaus. Following an extended discussion, the matter was referred to the Executive Committee, with the understanding that, if the Committee approves a plan of Medical Indemnity Insurance for this group, the Bureau of Medical Economics is to draft a specimen contract to be mailed to each Council member well in advance of the November meeting, at which time the subject is to be considered again.

Standing Committees

Richard B. Adams, Portland, *Chairman* (1942)
F. K. Power, Salem (1941)
Public Policy
E. D. Lamb, Klamath Falls (1943)

State Industrial Affairs

Thompson Coberth, The Dalles, *Chairman* (1942)
W. K. Livingston, Portland (1942)
James C. Hayes, Medford (1941)
G. I. Hurley, Eugene (1941)
William T. Johnson, Corvallis (1943)
H. L. Blosser, Portland (1943)

Malpractice

Otis F. Akin, Portland, *Chairman* (1942)
W. F. Hollenbeck, Portland (1941)
Sherman E. Rees, Portland (1943)

Public Relations

Charles E. Hunt, Eugene, *Chairman* (1943)
Blair Holcomb, Portland (1942)
Charles E. Sears, Portland (1941)

Postgraduate Education

Morris L. Bridgeman, Portland, *Chairman* (1942)
Homer P. Rush, Portland (1943)
H. J. Clements, Salem (1941)

Maternal Welfare

L. S. Kent, Eugene, *Chairman* (1941)
Goodrich C. Schauffler, Portland (1942)
Albert W. Holman, Portland (1943)

Charitable Medical Care

S. G. Henricke, Portland, *Chairman* (1942)
Frank R. Mount, Portland, *Vice-Chairman* (1943)
Charles P. Wilson, Portland (1941)
R. Gordon MacDonald, St. Helens (1943)
Ronald C. Romig, Portland (1941)
Harry J. Alvis, McMinnville (1943)

Plaintiff's Exhibit 2089

* * * * *

9770 MEDICAL UNION MAY BE TRIED AGAINST RAILROAD ABUSES

Of contrasting interest to Oregon physicians seeing patients who are railroad employees is the action taken re-

cently by certain San Francisco doctors to form a medical union, as related in the following dispatch:

GUILD ORGANIZED BY PHYSICIANS

San Francisco, Aug. 1.—(INS)—Approximately 40 San Francisco physicians and surgeons have formed a guild to serve as a collective bargaining agency, it was learned Wednesday.

The physicians are all on the staff of the Southern Pacific hospital.

"The purpose of the guild," Dr. James Guilfoil, president, said, "is to provide a collective bargaining agency under the provisions of the Wagner act—to repre-
9771 sent the doctors in matters of wages and hours, if, as and when necessary."

The union, according to members, did not grow out of any controversy with the labor-employer management of the hospital.

Inside story, according to San Francisco informants, is that the contract set-up with the Southern Pacific Railroad as regards hospital and medical care is being subjected to certain pressures, with a desire on the part of the corporation to be relieved of part of its responsibility in favor of the railroad unions. In the pressure plays some doctors feared they might be caught in the middle of the squeeze and become the ultimate victims. Purely as a security weapon it was felt advisable by the doctors now employed by the Southern Pacific hospital set-up to form this union. Significant tip-off is the wording "if, as and when necessary." Whether the union (the term guild should fool no one) will affiliate with A. F. of L. or the C. I. O. was not announced!

Oregon physicians doing railroad work are not too enthusiastic of the course adopted by the San Francisco doctors, contending that the Oregon plan of restoring railroad employees to a private patient status is much fairer to patient, doctor and railroad.

* * * * *

(This exhibit is part of the September 1945 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2090

9773 STATE SECTIONS

OREGON STATE MEDICAL SOCIETY

(Emblem)

ANNUAL MEETING PORTLAND, 1947

Opinions, Views or Comments presented in articles appearing in this section are those of the individual authors and are not necessarily those of Oregon State Medical Society.

FREE—UNTIL 1949

Oregon physicians, by recent legislative decision, may breathe the air of freedom until January of 1949, unless a special session intervenes.

This is the only safe conclusion which may be drawn from the brazen and audacious attempts on the part of certain commercial interests to use the legislature of the sovereign state of Oregon to coerce the medical profession of Oregon into humbly doing their will.

There is no doubt Oregon physicians may continue their free efforts as at present. The legislature did not enact the legislation sought, and in our opinion displayed an abundant wisdom in seeing that it was not passed. In ordinary circumstances the defeat of this unwise legislation might be accepted as warranting a return into a delightfully lethargic apathy on the part of many doctors. But the menace continues.

The commercial interests can be expected to leave no stone unturned regardless of its character to accomplish their profitable commercial ends, including the subordination of doctors whose thinking is confused. Nor is that all.

The statement has been made by at least one member of the legislature that unless the medical profession mends its ways by 1949 (whatever this generality means) there will be legislation introduced into that year's session to see that it does. Or sooner, if a special session is called.

In the face of such developments the profession cannot afford to sleep. Each and every doctor in Oregon must be fully informed so that any future threat to use the doctors in a manner not in the public interest may be fully and promptly met. For this reason, and to keep the record straight, it is our purpose to publish in this section in close sequence, if not successive issues, the full and com-

plete story of Senate bills 356 and 427, from background to final disposition.

GORDON LEITCH

STORY OF SENATE BILLS 356 AND 427

PART ONE—SENATE BILL 356

Oregon doctors, who were targets of Senate Bills 356 and 427 in Oregon's record breaking legislative session, may now relax enough to permit their hair, which was standing on end, to flatten down. But they can't afford to sit back and forget the circumstances which brought it upright in the first place. Because it can happen again unless all the details are clearly understood.

For clarity of understanding some background is set forth in this article and comment is inserted in parenthesis at pertinent points in the main body of the story.

SENATE BILL No. 356

Introduced by COMMITTEE ON LABOR AND INDUSTRIES (by request) and read first time February 21, 1947

A BILL

For an act to prohibit certain discriminatory conduct relating to medical, surgical or hospital care of sick and injured persons, and to persons or corporations engaged in providing such care; and providing penalties.

Be It Enacted by the People of the State of Oregon:

Section 1. An association, as that term is used in this act, shall mean any legally qualified corporation, association, society, firm, partnership or individual contracting or agreeing to furnish or provide medical, surgical or hospital service or all such services, for sick or injured persons in this state.

Section 2. It shall be unlawful for any doctor or hospital in this state to combine, conspire or agree with another or others to refuse or neglect to render medical, surgical or hospital services to any sick or injured person; or to combine, conspire or agree with another or others to differentiate or discriminate in any manner against any sick or injured person because such person or some other party in his or her behalf has provided or contracted for such

services or has provided insurance against the costs
9774 of such services. And it shall be unlawful for any person, society or corporation in this state to obstruct or attempt to obstruct or to interfere in any manner with the legal rights of any employer or any association to furnish or provide medical, surgical or hospital services for any sick or injured person, or to obstruct or attempt to obstruct or interfere in any manner with the legal rights of any employer or any association to contract for or agree to furnish or provide such medical, surgical or hospital services or to provide insurance against the costs of such services. And it shall be unlawful for any doctor or hospital to combine, conspire or agree with another or others to differentiate or discriminate against any association as defined in this act, or to differentiate or discriminate against any employer or his employes because such employer has provided or contracted with any such association for furnishing medical, surgical or hospital service, or all such services, on behalf of his employes, or has provided insurance against the costs of such services.

Nothing in this act shall include or apply to public or private welfare services or to acts of charity or any federal, state, county, municipal or other governmental agency.

Section 3. Any person violating any of the provisions of this act shall be guilty of a misdemeanor and upon conviction thereof, shall be punished by a fine of not to exceed five hundred dollars ($500) or by imprisonment in the county jail for a period of not more than six months, or by both such fine and imprisonment, in the discretion of the court.

Senate Bill 356 was introduced in the senate on February 21, 1947. It was what is known as a "committee" bill, that is, it was introduced by one of the committees of the senate itself. This feature is designed to confer a considerable advantage on proposed legislation, it is generally conceded, in that it is supposed to have had some prior thought and analysis by the committee and to be deemed pretty much in the public interest by the sponsoring committee. Bills with such sponsorship often slide through the legislative machinery with the minimum of resistance, hence the advantage is widely sought. Actually, in this instance Mr. C. C. Bechtold of the National Hospital Association made no bones about the fact that he was the real sponsor of the legislation.

The second act in the play is usually to have the committee bill referred back to the originating committee for the routine regular legislative study, the presumption being obvious that a committee receiving its own bill will certainly be kindly disposed toward the bill. It has been reported that the Committee on Labor and Industry, sponsors of 356, expected to receive this bill back, but apparently because it appeared so drastic that its constitutionality might be questioned the bill was referred instead to the senate Judiciary Committee.

Proper perspective of many legislative meanderings and decisions is often obtained only with a knowledge of the personnel composing the various committees. In the present instance the Committee on Labor and Industries was composed of Senators Earl T. Newbry, Ashland; Eugene E. Marsh, McMinnville; W. W. Balderree, Grants Pass; Merle R. Chessman, Astoria; Thomas R. Mahoney, Portland; Douglas McKay, Salem, and Paul Patterson, Hillsboro. The Judiciary Committee was composed of Senators Irving Rand, Portland; Eugene E. Marsh, McMinnville; Austin Dunn, Baker; Thomas R. Mahoney, Portland and Paul Patterson, Hillsboro. Duplicate memberships on these two committees therefore existed insofar as Senators Marsh, Mahoney and Paul Patterson were concerned.

It will be seen that both committees are composed of experienced, able Senators.

On March 4 a hearing was held by the judiciary committee. For the report of the happenings at this hearing we are indebted to Mr. Willard C. Marshall, general manager of O.P.S., who through good fortune happened to be in Salem on that date and attended the hearing with no intention of testifying, but strictly as an observer, and who furnishes a resume from which much of the following report was prepared. Not a single doctor was able to attend the hearing.

This hearing opened with a request from the chairman for the proponents to state their case. Mr. C. C. Bechtold, general manager of the National Hospital Association, took the floor and stated in effect that the bill had been sponsored by the National Hospital Association at the request of "numerous employers and employee groups."

At this point a brief written statement was read, the main point advanced by Bechtold being that the current attempts at "monopoly" by O.P.S., and the several "boycotts" being practiced by physicians in a number of sec-

tions of Oregon eventually *might* have the effect (italics ours, Ed.) of putting out of business some legitimate hospital associations. It was also inferred the tactics (no details given) used by O.P.S. and by the several medical societies were contrary to public interest as these supposedly had the effect of nullifying the intent of the hospital association law. (Comment: The arguments advanced seem open to grave question. We think the desire of Oregon doctors to see that *no* unnecessary third party, individual, corporation, hospital or other entity, comes between the patient and doctor is very much in the public interest.)

Bechtold then stated that the medical societies are the real offenders in this instance (note this well—ed.) and that there is no definite quarrel with the hospitals. It was stated that hospitals would be deleted from the bill. (Comment: As far as we know no hospital representative appeared in opposition to the substitute S.B. 427.)

The general manager of the national hospital association was followed by Robert Clark, executive secretary of the Oregon Osteopathic Association, who spoke in favor of the bill. His main point was that "monopolistic" organizations controlled by the medical profession do not provide the services of cult practitioners and that he considered this exclusion to be detrimental to contract subscribers and to the public in general. He stated that some hospital associations utilize a much more open policy, making available the services of osteopaths, chiropractors, naturopaths and other cultists. (Comment: We'll say they do! In a communication of fairly recent times one commercial hospital association made the following statement to one of its contract holders: "In looking after the best interests of the patient it is often necessary for us to transfer him from one doctor to another, or to a specialist, or authorize osteopathic or chiropractic treatments . . . We admit that some of the doctors sometimes do not like this, but
9775 regardless of that we try to do that which is in the best interest of the patient.") (Comment: Who decides what is necessary for the best interests of a doctor's patients? A lay employee of a corporation?).

Mr. J. C. Compton, road and building contractor of McMinnville (from Senator Marsh's city—Ed.) stated that he was in favor of the bill as an "unofficial" representative of the Associated General Contractors. He stated "boycotts" are being carried on in some sections of the state

and specifically mentioned six of his employees had been "refused service" by physicians at Roseburg. This brought Senator Paul Patterson up with a direct question and in reply to the senator's question Mr. Compton changed his statement by admitting that the actual rendering of medical services was *not* refused, but that the doctors refused to accept "tickets" or service authorizations of the National Hospital Association. (Comment: Had not Senator Patterson jumped in with his question members of the judiciary committee not familiar with the facts could easily have obtained an entirely incorrect and utterly false conception of the way doctors are rendering their services throughout the state. As far as we know, no doctor in Oregon who is in his right mind is discriminating against his patients, even though they may have had a contract with a hospital association. The vast majority of them are most certainly refusing to honor the commercial "tickets," and refusing to have their patients' treatment prescribed by a layman or corporation. We think this is very much in the public interest since to do so would permit an unnecessary, non-essential, third party to intrude its parasitical services into the sacred and direct doctor-patient relationship, with the hidden brokerage fee thus "earned.").

Next appeared Mr. William McAllister, an attorney of Medford, and an ex-speaker of the Oregon House of Representatives. His statement dealt almost entirely with "monopolies" and "boycotts." He inferred that the Jackson County Medical Society has brought about a closed deal and that they are attempting to freeze out all medical contractors other than O.P.S. He stated it was his understanding that Jackson county physicians will not permit any physician to be a member of the local medical society unless he agrees to be an O.P.S. member and to "boycott" all other hospital associations.

(Comment: When one is able to retain an ex-speaker of the house of representatives as one's attorney or lobbyist one is considered to have made a ten strike in legislative affairs because of the personal friendships which naturally affect legislators just like any other group of persons. Retaining the popular and able Mr. McAllister certainly constituted a blue chip in the game, and one which was not underestimated. For further report of this please refer to part two of this series to follow.)

The final witness for the proponents was a representative of labor from eastern Oregon who repeated or supported

the previous allegations, with frequent inferences of "monopoly" and "boycotts" mentioned by previous witnesses. Questioned whether or not the practice of doctors rendering service but refusing to honor treatment requisitions of certain hospital associations constituted a monopoly or a boycott, and pressed for a yes or no reply, the union representative, with considerable agility finally stated he believed it "was a restraint of trade."

Opponents of the bill were then called upon by Senator Rand, and Mr. Dean Bryson, himself a former member of the legislature, appeared on behalf of the Oregon Association of Hospitals. He stated it had been the previous intent of the hospitals to oppose the bill, but that a tentative agreement had been reached with the sponsors whereby hospitals would be deleted from the bill.

Senator Allan Carson, of Salem, also spoke for the hospitals but indicated their objection to the bill had been removed because of the proposed amendment deleting hospitals. He stated he personally was opposed to any "monopoly" conceived by the medical profession.

(Comment: With elimination of hospitals from the bill the healing institutions seemed to lose interest. Many months ago this section asked: "Are Oregon hospitals letting the doctors down?")

In contrast to the hospital organization, opposition to the bill arrived from an unexpected quarter when a representative of the Christian Scientists stated the bill would somewhat restrict their activities. Whereupon Mr. Bechtold rose to his feet and stated the proponents of the bill would agree to an amendment exempting Christian Scientists in all respects. Mrs. L. M. Conlee then opposed the bill vigorously on behalf of the Oregon State Medical Society, pointing out possible unconstitutional features of three sections and indicating where other portions did not seem practical.

(Comment: Mrs. Conlee had scant notice of the hearing called at the request of the proponents, had little or no time to study the bill in light of other heavy legislative duties, actually attended the hearing in the role of observer to make a report, not to register specific objections.)

Senator Rand then called for a representative of O.P.S. to state its case, and as explained above, Mr. Willard C. Marshall, O. P. S. general manager chanced to be able to respond. He pointed out that many Oregon physicians do not care to accept treatment requisitions from the com-

mercial hospital associations. He added that some Oregon doctors are opposed to contract practice in any form. He felt it would be unwise to force all these doctors to recognize any plan.

At this point Mr. Bechtold asked Mr. Marshall if he was familiar with the actions of Multnomah County Medical Society in 1938 or 1939 whereby several physicians were "forced" to resign from the society because of their affiliations with privately owned hospital associations. Mr. Marshall stated that not having been connected with any Portland organization at the time he would have no knowledge of the situation, and this ended the hearing.

(Comment: We suppose this effort to inject a dead issue into the hearing was to reinforce the other red herrings of "monopoly" and "boycott" previously dragged in front of the legislators to becloud the real issue. The record discloses that no doctors were "forced" to resign from the Portland society, but several actually did resign rather than attempt to disprove certain charges made against them. This was their privilege and they chose to exercise it voluntarily, with the aid of page one publicity. Had they chosen to dispute the charges they might have fought their case as provided for in the by-laws of the county society, might have appealed any adverse decision to the judicial council of the American Medical Association, or the regular courts of law. That they did neither would seem to indicate that they could not disprove the charges and that any proceedings instituted by the Multnomah County Society must have been legitimate proceed-
9776 ings, fairly conducted, as provided in the rules under which they joined in the first place. These gentlemen were represented by able attorneys throughout the proceedings.)

GORDON LEITCH

* * * * *

(This exhibit is part of the May 1947 issue of *Northwest Medicine*.)

Plaintiff's Exhibit 2095

9777 NATIONAL HOSPITAL ASSOCIATION
TOP FLOOR MOHAWK BUILDING
PORTLAND, OREGON

May 20, 1940

Memo:

Dr. Palmer called at the Association's offices at Mr. Bechtold's request on Thursday, May 16. The purpose of requesting Dr. Palmer to call here was to discuss with him the matter of eliminating medicines from the Association's contracts and to obtain his views regarding the change in the contracts. Dr. Palmer stated he felt this was a matter for the Association to decide and while he felt it might work some hardship on some of the members it was not his intention to make any suggestions one way or the other.

During the time of this meeting, however, Dr. Palmer called our attention to the fact that he had attended a meeting in the Pittock Block which had been called at the request of the Multnomah Medical Service Bureau and the Oregon State Medical Society. Dr. Palmer stated there were present at the meeting members of the executive board of the Multnomah including Dr. Henton, Dr. Besson, and others, also Dr. Gambee representing the Medical Society. The main spokesmen at the meeting were Dr. Besson and Dr. Gambee. They informed Dr. Palmer that he should discontinue any further work from the lay-owned hospital associations and that he should also solicit members of these associations to discontinue their memberships in the lay-owned hospital associations and influence the unions and employers to become members of the Multnomah Medical Service Bureau. The Doctor was informed that failure on his part to discontinue treating members of the lay-owned hospital associations would probably result in his expulsion from the Medical Society. Dr. Palmer reports he informed the group at the meeting that his business is the practice of medicine and he planned to continue in the same manner in which he had been practicing for the last twenty years. He also told the group he had no intention of doing any soliciting for the Multnomah or any other hospital association, that he had never solicited patients on his own behalf, and did not intend to start it now. He also told the group he did not believe they would attempt to expell him from

the Medical Society but if they did attempt it he planned to take issue with them.

Dr. Palmer was asked if he would be willing to testify to what he had related to us in event we wished to call him as a witness. The Doctor stated he had nothing to hide and he would willingly give any information concerning what took place at the meeting in event he were called on to do so.

(Signed) WJP
W. J. Page

WJP/mk

Plaintiff's Exhibit 2096

VOL. 46, NO. 9 SEPTEMBER, 1947 $2.00 PER YEAR

EDITORIALS

COUNCIL ON PHARMACY AND CHEMISTRY

It is well known to all physicians that enormous amounts of drugs have been produced and recommended to the medical profession in past years, whose real value and efficacy have been subjected to uncertainty and doubt as to efficacy. To protect the public and aid the medical profession in its selection of dependable drugs the Council on Pharmacy and Chemistry of the American Medical Association was established. Every physician who has investigated the matter is convinced of the great usefulness of this Council and appreciates the benefits secured from its activities and constant supervision over introduction to new remedies with the objective of refusing recognition to unreliable and undetermined preparations and approving those whose efficacy have been established.

The publication of the annual reprint of its reports for 1946 has been issued.[1] In order that its aims and the purpose of its existence may be recognized the following rules have been published:

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1. Annual Reprint of the Reports of the Council on Pharmacy and Chemistry of the American Medical Association for 1946 $1.00. American Medical Association. 535 North Dearborn Street, Chicago, Ill., 1947.

Rules Governing Admission of Proprietary Articles to The Book, New and Nonoffical Remedies

Rule 1. Composition. The quantitative composition of preparations and articles submitted to the Council or considered by the Council for inclusion in New and Non-official Remedies must be made known and be published.

Rule 2. Identification. Suitable procedures and criteria for determining the composition or standardization of the submitted preparation or article must be furnished.

Rule 3. Advertising to the Public. Preparations and articles promoted to the public for use in the treatment of disease will not be accepted as qualified in the following explanatory comments.

Rule 4. Therapeutic Claims. When an article is accepted, therapeutic representations by the manufacturers or their agents must be confined to those given in N. N. R. or accepted by the Council between revisions of N. N. R.

Rule 5. Protected Names. Proprietary names for medicinal articles will be accepted if the Council deems the use of such exclusive names not to be harmful to health and if the proprietary names are not given greater prominence in labeling and other promotional activities than the official names or the nonproprietary names adopted by the Council.

Rule 6. Patents and Trademarks. If a preparation or product is patented as to process or product or both, the number of such patent or patents must be furnished to the Council. If the name of an article is registered or the label copyrighted, the registration (trademark) name and number and copies of the protected label must be furnished to the Council.

Rule 7. Unscientific and Useless Articles. A preparation of an article will not be accepted if in the opinion of the Council it will not be in the best interests of the medical profession and the public.

As examples of the discriminating supervision as to quality of new remedies offered to medical profession, this volume deals in some detail with several which it unqualifiedly condemns, all of which have been publicized to the profession with many unsupported claims of efficacy. The condemnation of the Council is especially directed toward Cabasil, "a curiously unscientific mixture, whose

exploitation for use in a multitude of diseases is aptly summarized by the subtitle of the report. "Quackery Unlimited."

The second condemned preparation deals with the pseudoscientific Ethylene Disulphonate (Allergosil brand), "a preparation of highly uncertain nature exploited to physicians for use in allergic conditions." The third preparation condemned is Formula A-N-1, "concerning an expensive but poor substitute for aspirin and citrate of magnesia, cleverly promoted to industrial concerns for use in reducing absenteeism due to colds."

Other preparations, which have been discreetly and minutely examined, are approved and introduced for use by the profession. Physicians can safely and unhesitatingly employ medicinal preparations which have received the endorsement of the Council.

With a few exceptions, state medical journals have agreed to limit their pharmaceutical advertisements to preparations approved by the Council. This attitude has met active criticism and some hostility from certain drug manufacturers. Why should manufacturers hesitate to submit their preparations to critical examination of the experts belonging to the Council, whose endorsement would assure their acceptance and employment by the general medical profession?

The Poliomyelitis Menace

It is well known that individual cases of poliomyelitis or local epidemics may occur at any season, although during the summer months it seems to be most prevalent. It is one of the most mysterious and baffling of diseases with which mankind is afflicted. It is stated that last year 25,191 cases were reported in the United States. Unfortunately no one is able to predict its appearance nor be assured of a favorable result in any case.

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HANDLING COMMERCIAL HOSPITAL ASSOCIATION CASES

RED HERRINGS AND THE COMMERCIALS

In two previous articles, dealing with the attempt of some commercial hospital associations to intimidate the medical profession of Oregon, a report of the legislative hearings was given in considerable detail so that the doctors might be completely informed. In a third article the importance of having each doctor's office a public relations office for the entire medical profession was stressed, the basic point being that each doctor should make every effort to treat all patients as they themselves would expect to be treated if they were patients.

In this final article, concluding the series, an effort will be made to answer some of the questions which the writer has been asked regarding how the commercials operate, how they can be held in line and how the welfare of the medical profession may be safeguarded. Having written considerable on these and kindred subjects from time to time, and having given personal advice where and when asked, your correspondent felt that the knowledge had been pretty well disseminated. However, since most of the inquires came from doctors who have recently come into practice, or from men who spent considerable time in the armed services, perhaps it is only fair to restate what is generally known to the doctors of Oregon as a whole. Accordingly, those who know the answers may skip to some other section from this point.

The chief objection of the medical profession to the efforts of the commercial hospital associations to make medical care available is *not* the fact that some or several of them may be lay owned. Lay ownership is totally beside the point. As a matter of fact, some are owned or operated by physicians. The crucial point is that they are in business to make a profit from the relationship of the patient and the doctor, and this profit, whether discernible or hidden, is made at the expense of the doctor or the patient or both. The objection is further raised that this charge for a so-called brokerage service is wholly unnecessary. These are the reasons the ventures, not operating under the sponsorship of the county medical societies, although

complying with Oregon's hospital association law, have been labelled "commercial" hospital associations. And it may be pointed out in passing that this law, which was passed in 1917 when Oregon's doctors were at war, has frequently been reported as having been drafted by those friendly to the already operating commercial hospital associations, be that as it may.

Success of the commercials depends upon two prime factors. They must obtain contracts, and they must obtain the services of doctors to service those contracts gained.

In obtaining contracts the competition is rather keen, to state the matter mildly, with the commercials on one side and the county sponsored bureas and Oregon Physicians' Service on the other. There are many factors which affect the success of acquisition, and men in the field can regale one for hours with the various devices which have been relied upon in the past by the commercials to obtain contracts. There is no place in an article of this brevity to discuss these, but two devices should be mentioned for the reason that they operate both before a contract is obtained and afterward, if a contract so obtained by a commercial association, experiences some difficulty in securing doctors to service it. These are the same two devices which were dragged into the legislative hearings as red herrings, viz, monopoly and boycott.

The implication has frequently been given, or the impression been allowed to go without denial, that doctors generally and those of Oregon particularly either have a "monopoly" of healing or seek to establish such a monopoly. This is pure bunk as anyone with any discernment can readily see. Actually, the medical profession is anything but a monopoly, and goodness knows how one would go about establishing one, if it could be done. With
9781 chiropractors, naturopaths, osteopaths and other cultists very much on the increase in Oregon, not to mention faith and other healers, the medical profession certainly has no monopoly of the healing arts, but it sounds very ominous to the uninformed to hear the word which has had "bad" political implications since the days of President Theodore Roosevelt, the trust buster.

A profession should not be confused with a monopoly, and to so intimate is merely a device of wicked propaganda which all doctors should be able to recognize and about which they should advise their patients. The medical profession enjoys the same relationship to the practice of

medicine as lawyers do to the law, as legislators do to legislation and as architects do to architecture. We have not heard lately any of these being classed as monopolies.

In the matter of boycott the profession has had an extremely few instances in the past where doctors, from personal preference solely which is their privilege, refused to treat patients coming under a contract of a commercial hospital association. While the doctors so declining to treat those cases were probably well within their legal rights, their refusal to so treat them opened the doors to the propaganda devices of our opponents and gave fuel to their fires and did the profession no good. Today doctors do not knowingly refuse to treat patients because of some relationship to the contract of a commercial hospital association. They see them on the same basis they would any private patients.

For the benefit of those doctors who do not understand the intricacies of these procedures, it may be stated that, when a patient comes in presenting a so-called "ticket" of a commercial hospital association, he is seen just exactly as one would see a private patient, with this difference. Many men take a few minutes off to sit down and explain to the patient why he, the doctor, cannot honor the ticket presented. It is usually explained that the particular commercial hospital association concerned has no contract with the doctor for him to perform services on its behalf, and that on the basis of past experiences of the profession many doctors were treated so shabbily that they don't care to have any dealings with the commercial outfit.

They do stress the point, however, that although they cannot do work for any commercial hospital association in the absence of a contract, they are perfectly willing to render their services to the patient as an individual and will gladly do so. They then stress that they expect the patient to pay for these services and cannot bill the commercial hospital association, but will gladly give a receipt to the patient, upon which he may obtain a reimbursement of the fee paid from the commercial association whose brand of "coverage" he happens to have.

Strangely enough, those doctors, who take a little time off their schedule to explain the intricacies of the situation to the patient, report that good will is enhanced rather than impaired, despite the refusal to honor the ticket of a commercial association. In other words, by relating the facts in a friendly way to the patient, doctors so conducting

themselves have taken a major step in creating good will and enhancing public relations for the profession. But merely to brush the patient aside without explanations gives him a jolt which will sooner or later drift back to the commercial sponsors and possibly add fuel to their propaganda fires or be stored up for possible future use such as was seen at the last session of the legislature. To this extent each and every doctor in Oregon has within his own keeping the future of his profession and his own welfare.

(Final article on the story of Senate Bills 356 and 427).

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(This exhibit is part of September 1947 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2097

9782 * * * * *

LET THE DOCTOR SET HIS FEE

During recent years various agencies and groups of citizens have been active in attempts to regulate and control medical practice. No other profession has been subjected to so much criticism and exploitation of attempts to institute new methods of procedures. If contemplated legislation should be enacted, no one can predict the future of medicine in this country.

One of the recent attempts to interfere with established methods of medical practice is the effort to control fees for medical services by lay organizations. In our free country the financial arrangement for practice has been an agreement between the physician and his patient as to payment for his services. A large proportion of the average doctors' practice has been expended without monetary compensation. Consequently, it has become the established practice to regulate fees for his services according to the financial ability of the patient. It has never been possible to establish hard and fast rules for his compensation.

Recently, however, certain associations selling hospital privileges have also included fees for medical attendance which have been set without consultation with the attending physicians. In the May issue of this journal, under the Oregon Section, a discussion of this abuse was presented, particular attention being called to the action of certain

societies of that state which have revolted against this assumption of the right to establish fees for medical services. The protestants asserted that payment for such services should be determined by an agreement between the doctor and his patient without interference of a third party.

If the physician is satisfied to accept a fee assigned by a lay organization, he is entitled to that privilege. The medical profession as a body, however, should take a determined stand for the right of establishing its own fee schedule for medical services. If physicians in any community unitedly refuse to submit to fee regulations by a hospital association or any other lay organization, they will undoubtedly be enabled to thwart this enroachment upon their established financial medical procedures.

(This exhibit is part of a 1944 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2098

9783 STATE SECTIONS

(Emblem)

OREGON STATE MEDICAL SOCIETY
SIXTY-EIGHTH ANNUAL MEETING
CORVALLIS, SEPT. 9-12, 1942

OREGON STATE MEDICAL SOCIETY

OFFICERS

President.....W. W. Baum, Salem
President-elect..George E. Henton, Stevens Bldg., Portland
First Vice-President.....Thompson Coberth, The Dalles
Second Vice-President.....R. W. Stearns, Klamath Falls
Third Vice-President.....Raymond McKeown, Marshfield
Secretary..John R. Montague, Medical Arts Bldg., Portland
Treasurer....J. E. Buckley, Medical-Dental Bldg., Portland
Past President....Karl H. Martzloff, Medical-Dental Bldg., Portland

COUNCILORS

First District—E. H. McLean, Oregon City (1944). Earl M. Anderson, Pacific Bldg., Portland (1943). Charles E. Sears, Medical Arts Bldg., Portland (1943).

Second District—L. M. Spalding, Astoria (1942).

Third District—H. Garnjobst, Corvallis (1944).

Fourth District—E. E. Durno, Medford (1942).

Fifth District—R. W. Hemingway, Bend (1944).

Sixth District—C. W. McCain, Hood River (1942).

Seventh District—C. J. Bartlett, Baker (1943).

Councilor-at-Large—L. S. Kent, Eugene (1942).

Delegate to American Medical Association—John H. Fitzgibbon, Stevens Bldg., Portland.

Trustee of American Medical Association—Ralph A. Fenton, Medical Arts Bldg., Portland.

COMMITTEES

Executive Committee of the Council

W. W. Baum, Salem, Chairman; George E. Henton, Portland; Thompson Coberth, The Dalles; Karl H. Martzloff, Portland; John R. Montague, Portland; J. E. Buckley, Portland; Charles E. Sears, Portland; L. S. Kent, Eugene.

Standing Committees

Committee on Annual Session—J. R. Montague, Portland, Chairman; Roger H. Keane, Portland; Warren C. Hunter, Portland.

Committee on Public Policy—R. B. Adams, Portland, Chairman; E. D. Lamb, Klamath Falls; Donald M. Long, Marshfield.

Committee on Publication—Karl H. Martzloff, Chairman; E. H. McLean, Oregon City; Goodrich C. Schauffler, Portland.

Committee on Medical Education and Hospitals—R. M. McKeown, Marshfield, Chairman; G. S. Beardsley, Eugene; Allan M. Boyden, Astoria.

Committee on Postgraduate Education—K. M. Martzloff, Portland, Chairman; Morris L. Bridgeman, Portland; Homer P. Rush, Portland.

Committee on Malpractice — Otis F. Akin, Portland, Chairman; Sherman E. Rees, Portland; W. F. Hollenbeck, Portland.

Committee on Venereal Diseases—M. L. Margason, Portland, Chairman; Charles D. Donahue, Eugene; E. D. Everett, Lakeview.

Committee on State Industrial Affairs—Thompson Coberth, The Dalles, Chairman; W. K. Livingston, Portland; William T. Johnson, Corvallis; E. A. Lebold, Salem; James C. Hayes, Medford; J. C. Robb, Hillsboro.

Committee on Charitable Medical Care—S. G. Henricke, Portland, Chairman; F. R. Mount, Portland, Vice-Chairman; R. Gordon McDonald, St. Helens; Gerald B. Smith, Woodburn; Charles E. Palmer, Ontario; Ronald C. Romig, Eugene.

Committee on Public Relations—C. E. Hunt, Eugene, Chairman; Blair Holcomb, Portland; B. A. Van Loan, Portland.

Committee on Maternal Welfare—L. S. Kent, Eugene, Chairman; Goodrich C. Schauffler, Portland; Albert W. Holman, Portland.

Committee on Child Health—L. H. Smith, Portland, Chairman; Jerald S. Backstrand, Salem; R. M. Overstreet, Eugene.

Committee on Cancer Study—C. E. Sears, Portland, Chairman; Thomas D. Robertson, Portland; John Besson, Portland.

Committee on Tuberculosis—Marr Bisaillon, Portland, Chairman; Morton J. Goodman, Portland; P. L. Newmyer, Portland.

Committee on Conservation of Hearing—Wilson Johnston, Portland, Chairman; E. L. Ralston, La Grande; G. G. Gordon, Baker.

Committee on Conservation of Vision—E. M. Taylor, Portland, Chairman; Bernard Barkwill, Marshfield; Frank E. Brown, Salem.

Committee on Military Affairs—W. H. Bueerman, Portland, Chairman; Laban A. Steeves, Salem; Eugene W. Rockey, Portland.

Committee on Veterans Affairs—Archie Van Cleve, Portland, Chairman; H. R. Kauffman, Toledo; E. B. Stewart, Roseberg.

Advisory Committee to Woman's Auxiliary—G. C. Bellinger, Portland, Chairman; Carl H. Phetteplace, Eugene; J. E. Buckley, Portland.

Committee on Revision of Constitution and By-Laws—J. R. Montague, Portland, Chairman; J. M. Hilton, Klamath Falls; Harry E. Mackey, Bend.

SPECIAL COMMITTEES

Committee on Nursing Service and Education—Jessie L. Brodie, Portland, Chairman; Charles E. Gurney, Portland; Frank Perlman, Portland.

Advisory Committee on Laboratory Standards to the State Board of Health—C. H. Manlove, Portland, Chairman; Frank R. Menne, Portland; Thomas D. Robertson, Portland; Emma M. Howe, Portland.

Liaison Committee to the State Industrial Accident Commission—O. F. Akin, Portland, Chairman; J. D. Sternberg, Portland; W. W. Baum, Salem.

Committee on Teachers Examination Law—J. R. Montague, Portland, Chairman; Morton J. Goodman, Portland; Wallace Haworth, Portland; N. L. Tartar, Corvallis.

BUREAU OF MEDICAL ECONOMICS
REPRESENTATIVES OF APPROVED LOCAL ORGANIZATIONS

A. H. Huycke, Oregon City, Physicians Association of Clackamas County.

Dean P. Crowell, Marshfield, Coos Bay Hospital Association.

E. R. Durno, Medford, Southern Oregon Medical Service Association.

G. I. Hurley, Eugene, Eugene Hospital and Clinic and Pacific Hospital Association.

E. R. Gambee, Medical-Dental Building, Portland, Multnomah Medical Service Bureau.

9784 D. R. Ross, Salem, Salem Clinic, First National Bank Building, Salem.

John D. Rankin, Coquille.

Herbert H. Thomas, Myrtle Point.

EXECUTIVE COMMITTEE

W. W. Baum, Salem, Chairman; E. H. McLean, Oregon City; Henry Garnjobst, Corvallis; C. W. McCain, Hood River; G. I. Hurley, Eugene; D. R. Ross, Salem; E. E. Gambee, Portland.

ORGANIZATION ACTIVITIES

The Council of Oregon State Medical Society met in Portland, Saturday, January 10. By-laws of Oregon Physicians' Service were read, discussed and approved. Trustees represent various parts of the state, and there cannot be more than one from any one county.

The following members of Oregon State Medical Society are the Trustees:

W. W. Baum, Salem.
J. B. Brennan, Pendleton.
L. M. Spalding, Astoria.
G. I. Hurley, Eugene.
Thompson Coberth, The Dalles.
R. R. Belknap, Ontario.
Ralph W. Stearns, Klamath Falls.
E. R. Durno, Medford.
J. D. Rankin, Coquille.
H. Garnjobst, Corvallis.
Earl M. Anderson, Portland.

The Board of Directors of O. P. S. consists of:

W. W. Baum, Salem.....President
J. P. Brennan, Pendleton.....Vice-President
L. M. Spalding, Astoria.....Secretary
G. I. Hurley, Eugene.....Treasurer
Thompson Coberth, The Dalles

The budget for 1942 was approved at the proposed figure of $16,537.41, with an estimated income of $17,900. The Council voted that it would not participate in the Pacific States Medical Conference in 1942.

The Farm Security Administration Clinics were approved at Portland and Salem, provided they would be under supervision of the local medical society. Also discussed was the yearly examinations required of teachers in the public schools. It was proposed, and the Council gave its tentative approval, to districting the state for

interpretation of roentgen films which are required by law in certain instances.

* * * * *

(This exhibit is part of the February 1942 issue of Northwest Medicine.)

Plaintiff's Exhibit 2099

9785 STATE SECTIONS

OREGON STATE MEDICAL SOCIETY — ANNUAL MEETING 1949

Opinions, Views or Comments presented in articles appearing in this section are those of the individual authors and are not necessarily those of Oregon State Medical Society.

COMMITTEE ON OREGON PHYSICIANS SERVICE

At the annual meeting of Oregon State Medical Society at Medford, a series of resolutions was passed authorizing that another of the periodic studies of Oregon Physicians Service be made by members of the Oregon profession in an effort to improve and clarify its operations.

A committee of fifty was named by Dr. Leslie Kent, State society president, and its first meeting was held in Portland, January 8, at which time the committee resolved itself into a number of subcommittees, selected on a geographical basis to facilitate meetings to investigate and report on certain phases of the overall study. Dr. W. W. Baum of Salem, State society president at the time O.P.S. was formed, was named chairman.

Excerpts from the minutes of the kickoff meeting are as follows:

"The meeting was called to order by the chairman, W. W. Baum. Dr. Baum introduced Dr. Kent who outlined to the committee the purposes of its work and emphasized the necessity of having free and open discussion of all prepaid medical plans with investigation of all complaints so that any necessary changes may be made. The committee then discussed its organization into subcommittees, based upon a geographical distribution to facilitate meetings. The chairman outlined the subcommittees.

"It was agreed by the committee that certain definite portions of the investigation should be assigned to certain subcommittees which would report to the general committee prior to its next meeting.

"Following a general discussion, a motion was carried that subcommittee No. 1 should study and prepare a brief outline of the organization-structure of O.P.S. A second motion was made that subcommittee No. 1 would also prepare a brief critical evaluation of the organization-structure of O.P.S.

"The committee was then asked to discuss and give opinions on the manner in which the policies of O.P.S. should be investigated and studied. It was emphasized that its policies have changed from time to time in accordance with changing conditions so that a report on the policies would of necessity include a brief historical review to provide the basis for better understanding of its policies.

"A motion was duly passed that subcommittee No. 1 would investigate and prepare a brief outline of the policies of O.P.S. but that this subcommittee would not be expected to prepare a critical evaluation of the policies, which task would be a duty of the committee as a whole.

"A motion was passed that subcommittee No. 2 would be requested to investigate and prepare a brief outline of the administration of O.P.S.

"The committee then turned to a consideration of the study of other voluntary service plans. It was voted that subcommittee No. 3 should be directed to study the plans in operation in the states of Washington and California and also to study some representative plans in the midwest and on the Atlantic coast.

"The committee then discussed the method to be followed in surveying the entire membership of the Society to obtain their opinion of prepaid medical care in general, and O.P.S. in particular. It was voted that subcommittee No. 4 is to be directed to prepare and submit to the general committee for approval a questionnaire which may be sent to every physician in the state. It was further decided that each member of the general committee obtain verbal comment from physicians in his area and to submit a digest of these opinions to chairman of subcommittee No. 4 who will present the material to the whole committee."

Personnel of the various subcommittees is listed below:

SUBCOMMITTEE No. 1

A. W. Diack, Portland, Chairman
J. M. Murphy, Portland
J. B. Davis, Portland
Z. C. Edelson, Portland
R. L. Johnsrud, Portland
S. Lamb, Portland
D. R. Laird, Portland
C. H. Palmer, Portland
J. C. Barton, St. Helens
R. L. Strickland, Oregon City
A. O. Pitman, Hillsboro
C. W. McCain, Hood River
T. L. Hyde, The Dalles
F. E. Fowler, Astoria
G. W. Lemery, Tillamook

SUBCOMMITTEE No. 2

T. F. Robb, Philomath, Chairman
R. F. Kleinsorge, Silverton
F. K. Power, Salem
C. B. Menkel, McMinnville
W. J. Page, Dallas
G. B. Smith, Woodburn
N. E. Irvine, Lebanon
F. R. Asbury, Corvallis

SUBCOMMITTEE No. 3

W. E. Harris, Westfir, Chairman
D. H. Findley, Medford
L. A. White, Eugene
T. A. McKenzie, Eugene
C. A. Haines, Ashland
L. M. Lehrbach, Roseburg
R. E. Williams, Myrtle Creek
C. L. Ogle, Grants Pass
O. N. Callender, Toledo
M. E. Johnson, North Bend

R. L. Erickson, Gold Beach
H. H. Thomas, Myrtle Point

SUBCOMMITTEE No. 4

N. F. Black, Klamath Falls, Chairman
P. W. Chernenkoff, Bend
E. W. Thomas, Madras
W. P. Wilbur, Lakeview
R. Adkisson, Prineville

SUBCOMMITTEE No. 5

R. W. Pollock, Baker, Chairman
C. L. Gilstrap, La Grande
J. J. Sarazin, Nyssa
B. R. Sharff, Enterprise
W. J. Kubler, Prairie City
J. B. Easton, Pendleton
B. F. Smith, Burns

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(This exhibit is part of the February 1949 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2100

9788 • • • • •

SOME O.P.S. QUESTIONS ANSWERED

Recently the administration of Oregon Physicians' Service has been asked some questions, the answers to which may have interest to all participating physicians.

(1) *If I should resign from participation in O.P.S., is there any reason now known why I could not rejoin O.P.S. at a later date if I cared to?*

Participation in the O.P.S. plan is voluntary, and likewise any withdrawal is also voluntary except in the very rare instance where the board of trustees may authorize repurchase of a doctor's interest for cause. As a matter of record, there have been exceptionally few resignations and these usually in the first heat following a low percentage payment. While no effort is made to have resigning doctors reconsider their resignations, it has usually hap-

pened that those concerned have themselves reversed their stand when subsequent clear thinking indicates there may be greater issues at stake than the financial alone. The reasons for a doctor's resignation have never been questioned and the resignation *per se* is no barrier to subsequent rejoining.

(2) *Is there any possibility of a relaxation in O.P.S. rules so that I could charge my patients, who are able to pay average fees, an additional fee over and above the amount O.P.S. pays me for the care of said patient?*

The participating agreement is specific on this point, and goes to the very root of medical society sponsored plans as distinct from the commercial plans. *The charging of additional fees is not permitted.* Full payment for services rendered is made under the pro rata disbursement agreement. While this occasionally may seem to work some injustice to doctors in that some patient may seem to get something to which he may not be entitled, it has been the repeated experience nationally in prepaid plans that the principle is sound. As a practical measure it has not been found possible to conduct this type of the practice of medicine without certain limitations, and it would appear sound practices must be followed until such time as the final pattern of these plans evolves.

No relaxation in the present O.P.S. agreement is contemplated. If an experiment in relaxation might be undertaken in Oregon, it would be interesting and the information so obtained might be valuable in the long run. However, it is just not possible to conduct such an experiment so long as our commercial competitors are maintained in the field through the efforts of a small number of Oregon doctors (some of whom are O.P.S. members), whose favorite emblem is the dollar sign and whose tongues frequently slide into their cheeks where O.P.S. is concerned.

(This exhibit is part of the December 1947 issue of *Northwest Medicine.*)

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Plaintiff's Exhibit 2101.

9789

NORTHWEST MEDICINE

VOL. 48, NO. 11 NOVEMBER, 1949 $3.00 PER YEAR

EDITORIALS

THE OREGON ANNUAL SESSION

Lane County was host to the Diamond Anniversary meeting of the Oregon State Medical Society October 12-15. Perfect weather, except that for the golf tournament on the last day, and good arrangements for all sessions marked this seventy-fifth meeting at Eugene. All scientific sessions as well as the scientific and commercial exhibits were held at the Elks Club where quarters were ample and acoustics of the lecture hall excellent. Commereial exhibits were of much interest and exhibitors were well pleased with the attention given them.

The Oregon Society has the happy arrangement of holding meetings of the House of Delegates at breakfast. These were at the Eugene Hotel starting at 7 a. m. Business sessions began at 8 and business was concluded in time for all delegates to attend the regular sessions. Outstanding report this year was that of the delegates to the A. M. A. The delegation from Oregon joined those from Utah and New Jersey in voting against separation of the Associated Medical Care Plans from the American Medical Association and against adoption by the A.M.A. of twenty principles for lay-sponsored plans. Both these proposals were approved by the reference committee on Insurance Plans and Medical Service. They were later approved by the House with only the three states mentioned dissenting. However, the Oregon delegation was convinced that the full implications of the action were not understood at Atlantic City and that when others realize what is involved, some corrective action may be taken. The Oregon delegates pointed out that there are at least eighty-nine cooperatives operating lay-owned prepayment plans in thirty-one states. Claims of approval by the A. M. A. based on the twenty points may, in time, prove quite embarrassing. In at least one instance such a claim has already been made by a group which has been operating in direct opposition to policies of the A. M. A.

The Oregon delegation also analyzed the proposal to divorce the A. M. C. P. from the A. M. A. and concluded that such action would introduce the possibility of a national insurance company which could easily absorb and destroy all existing state, local and independent plans. For these and many other reasons, the delegates voted against the two proposals in spite of the overwhelming numbers who cast votes for them.

Reports such as this one to the Oregon House of Delegates draw attention to the startling fact that virtually all doctors are shamefully negligent in attention to their own affairs. As one man put it recently, most are "quite ready to exercise their God-given right to let some one else do their thinking for them." At this meeting, as in all meetings of delegates and other officers, there was no attendance by the general membership. On the printed program of this meeting of the Oregon House of Delegates, below the announcement of each session, appears the following line, "*all members are invited to attend.*" Also in the printed program, under General Information, there is a paragraph on the House of Delegates which includes, "*ALL MEMBERS are privileged to attend the meetings of the House and are earnestly urged to do so.*" In spite of this clear entreaty for the general membership to share in the knowledge of what is going on or to understand current problems and decisions regarding them which may affect all of us, hardly a single member other than elected representatives showed up. This is a disgraceful situation and it is not peculiar to Oregon.

Scientific sessions were well attended. Guest speakers, Verne Mason, Albert Bower, Edward Pallette and Hugh Jones, all of the faculty of the University of Southern California School of Medicine, gave a series of papers which constituted an excellent course of postgraduate information. Members of the Oregon Society also made valuable contributions. Many of these papers will appear in future issues of this journal.

Panel discussions at luncheon and dinner meetings were of much interest. Four such meetings were held with each guest speaker as a prominent member of the panel at one meeting. Discussions were informal and largely in response to questions previously submitted. This feature of the Oregon annual meeting has been outstanding for many years.

Annual Banquet was held at the Eugene Hotel and was featured by a buffet supper of unusual excellence. President Kent introduced guests and speakers with the exception of Governor McKay, who was introduced by W. W. Baum of Salem. The Governor, in his brief remarks, urged more interest in governmental affairs by responsible citizens. Mr. David Simpson of Portland followed with a vigorous condemnation of the attempt by the present federal * * *

Plaintiff's Exhibit 2102

9790 NORTHWEST MEDICINE

VOL. 48, NO. 7 JULY, 1949 $3.00 PER YEAR

EDITORIALS

ANNUAL MEETING OF AMERICAN MEDICAL ASSOCIATION

The Morris Fishbein episode of the A. M. A. meeting at Atlantic City, New Jersey, was perhaps the outstanding news event from the public viewpoint but other developments were equally noteworthy, especially to the medical profession. The retirement of Dr. Fishbein, long the most controversial figure in the A. M. A., was not a surprise to many of his colleagues. Whether Atlantic City was the appropriate locale for announcement of this action was the issue that caused concern.

The move to retire Dr. Fishbein was mutually agreed upon some time prior to the Atlantic City meeting and, except for eager pressure groups, would have taken its natural course. However, these groups, whose members hold no affection for the central figure at 535 North Dearborn Street, could not be silenced by corridor reports that his ticket had been finally and definitely written. So, the retirement plan was announced in open session of the House of Delegates to block introduction of tactless resolutions to accomplish the same end. Press announcements of the incident were more favorable than expected and other developments at the convention quickly took over prominence in the news.

Whitaker and Baxter's report of progress in the public relations program was received with enthusiasm. Definite

results are visible in public reaction, favorable resolutions being adopted by organizations of all types. Congressmen are responding to the informational program, and State and County societies are getting into the swing of the program. Whitaker and Baxter have determined they are headed in the right direction and plan no changes in their blueprint for action.

The presidential address of Dr. Ernest E. Irons was scholarly and to the point. It was forceful to the extent that opponents were quickly critical in an attempt to discount his remarks. These efforts were ineffectual.

There was considerable consternation among A.M.A. delegates representing states where lay-sponsored medical plans exist, when it was apparent the Council on Medical Service would recommend standards for operation of such plans. However, a careful perusal of the twenty-point criteria will convince skeptics that there is calm deliberation behind the move. Cooperative and other lay group leaders, at first elated, quickly recognized they were in no better position than formerly and must reshuffle their programs considerably to meet local approval. The twenty points are only suggested standards, since the A. M. A. still recognizes local autonomy.

A.M.C.P. (Associated Medical Care Plans or Blue Shield) came to the A.M.A. with a double-barreled program, inconsistent on the face of it. On the one hand, was a request for legal standing of its separation from the A.M.A. On the other hand, was a solicitation for consent to form a national insurance company. The A.M.A. granted the divorce, which already existed in fact, and gave a back-handed approval to formation of the insurance company. The Council on Medical Service still is the determining factor in qualifying such plans and, if the insurance company is established, A.M.C.P. would necessarily have to go before the Council for approval.

Selection of A.M.A.'s new officers was a well organized affair and received full approval of the House of Delegates. All votes were unanimous. Dr. Elmer L. Henderson as president-elect and Dr. George F. Lull as general manager, received impressive demonstrations. Dr. J. L. Blasingame's selection to succeed Dr. Henderson on the Board of Trustees was favorably received.

Thus, another chapter in the life of the American Medical Association was written.

WESTERN MEN AT ATLANTIC CITY

OREGON

OREGON ATTENDANCE. The following list of Oregon registered at Atlantic City A. M. A. meeting appeared in *The Bulletin* of June 7:

Baum, William W., Salem; Buckley, James E., Portland; Cox, Ora H., Portland; Fitzgibbon, John H., Portland; Gardner, Wm. J., Gresham; Kent, Leslie S., Eugene; Mathiesen, W. L., Portland; McKeown, Raymond M., Coos Bay; Odell, James, The Dalles; Queen, Frank B., Portland; Straumfjord, Jon V., Astoria.

WASHINGTON

Among Washington physicians who attended the American Medical Association convention in Atlantic City were: Boersma, Frank, Vancouver; Fritz, H. D., Cathlamet; Meier, H. Herbert, Tacoma; Tashian, Souren, Seattle; Berens, S. N., Seattle; Christianson, Oscar O., Spokane; Corbett, Donald G., Spokane; Davenport, Dennis D., Port Angeles; DeNicola, Robert, Richland; Frazier, William Harvey, Millwood; Hawley, Sydney J., Seattle; King, Robert L., Seattle; O'Shea, John H., Spokane; Wagner, Jacob C., Seattle; Wright, Ross D., Tacoma; Zech, Raymond L., Seattle.

Plaintiff's Exhibit 2103

9791

STATE SECTIONS

OREGON STATE MEDICAL SOCIETY

ORGANIZATION ACTIVITIES

The Council of Oregon State Medical Society met in Corvallis November 8 at the home of Dr. Henry Garnjobst, Councillor for the Third District. A number of members of the Benton County Medical Society also attended.

The main item of business was discussion and approval of the incorporation of an Oregon Physicians Service Bureau. This Bureau is a central organization under control of the State Medical Society, and will offer medical and hospital and related services in districts not now serviced through the Bureau of Medical Economics. This fills a

long-felt need for large districts, where the physicians are too far apart to organize and operate properly their own bureau. Nor does it supersede the existing service bureaus, for it in no way interferes with their operations. It does create a central agency for writing state-wide contracts which can subsequently be turned over to local bureaus for contract fulfillment.

Under this plan contracts can be made with such agencies as the Farm Security Administration on a uniform state-wide basis. As a matter of fact, just such a project is being proposed with the F.S.A. in which there will be definite limitations, and initial rates will be subject to future changes as experience determines. Other federal and state agencies may be able to find a solution for their medical service problems in such an organization.

The Council also approved the establishment of an Executive Committee for the Bureau of Medical Economics, and elected W. W. Baum, Salem; E. E. Gambee, Portland; Henry Garnjobst, Corvallis; G. I. Hurley, Eugene; C. W. McCain, Hood River; E. H. McLean, Oregon City; and D. R. Ross, Eugene, to this committee.

Multnomah County Medical Society decided to gather some experience on family coverage in a higher income bracket by granting approval to the Multnomah Medical Service Bureau of its proposed contract with the Postal Employes and their spouses (not including their children).

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9792 LAKE COUNTY MEDICAL SOCIETY

Members of Lake County Medical Society entertained the officers of Oregon State Medical Society at Lakeview on October 23. W. W. Baum, state president from Salem, spoke on "Policies and Activities of the Oregon State Medical Society." L. S. Kent, councilor at large from Eugene, addressed the group on "The Program of Postgraduate Education of the Oregon State Medical Society."

(This exhibit is part of the December 1941 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2104

9793

MULTNOMAH COUNTY MEDICAL SOCIETY
PORTLAND, OREGON
OFFICE OF THE SECRETARY

November 28, 1947

Dr. George F. Lull, Secretary
American Medical Association
535 North Dearborn Street
Chicago 10, Illinois

Dear Dr. Lull:

The Northern Permanente Foundation of Vancouver, Washington, has recently become active in Portland and Multnomah County. This Foundation is now operating the Vanport Hospital in this county and has a clinic at 2606 N. E. Broadway in Portland.

There are indications that the members of the Foundation medical staff will apply for membership in the Multnomah County Medical Society. In this connection, we should like to learn the status of the appeal of this organization to the Judicial Council.

Probably the action of the Board of Medical Examiners of the State of California regarding Dr. Sidney R. Garfield, Medical Director of the Southern Permanente Foundation at Oakland, which is reported in the enclosed mimeographed copy of a story that appeared in the San Francisco "Chronicle", has already come to your attention. We understand that Dr. Garfield is also the administrative head of the Northern Permanente Foundation, although he is only infrequently in Vancouver and Portland.

Very sincerely yours,

MULTNOMAH COUNTY MEDICAL SOCIETY

by (Signed) CLYDE C. FOLEY
Executive Secretary

CCF da
Encl.

Plaintiff's Exhibit 2105

9794 December 3, (illegible)

Mr. Clyde C. Foley,
Executive Secretary, Multnomah County Medical Society,
Medical Dental Building,
Portland, Oregon.

Dear Mr. Foley:

This will acknowledge your letter of November 28.

Relative to the Northern Permanente Foundation, the Judicial Council has not as yet given their decision on this organization. It will probably not be given until after the next meeting of the Council in January.

Very sincerely yours,

(Illegible)

Plaintiff's Exhibit 2106

9795 Multnomah County Medical Society

SUMMARY OF PROPOSED PLAN FOR THE MEDICAL CARE OF INJURED HIGH SCHOOL ATHLETES

(To be considered by the Council September 15, 1939)

The members of the Multnomah County Medical Society will be asked to cooperate in rendering medical care to injured high school athletes under a plan advanced by the Portland High School Athletic Association.

* * * * *

9796 * * * * *

The plan of operation includes the Association furnishing slips to injured athletes. The slips are to be presented to the family physician or physician of the athlete's choice as a basis of securing medical care. The physician is then required to file a preliminary report to the Administrator and further to file another report upon the conclusion of the medical care provided the injured athlete.

Plaintiff's Exhibit 2107

9798 Oregon State Medical Society

COMMITTEE ON THE STUDY OF OREGON PHYSICIANS' SERVICE AND OTHER VOLUNTARY PREPAYMENT PLANS

W. W. Baum, Chairman
2485 Center Street
Salem, Oregon

April 2, 1949

The fourth meeting of the Committee on the Study of O.P.S. and other Voluntary Prepayment Plans was held Saturday April 2, 1949 in room 204 of the Hotel Benson in Portland. Those present were: Arch W. Diack, Russell L. Johnsrud, L. M. Lehrbach, C. V. Menkel, T. L. Hyde, Stanley Lamb, C. Harold Palmer, Neil F. Black, J. Milton Murphy, Joe B. Davis, Zanly C. Edelson, and W. W. Baum. Drs. Leslie Kent and James E. Buckley and Mr. L. A. Brown were also present.

The meeting was called to order by the Chairman, W. W. Baum. Minutes of the last meeting were read. The entire meeting was given over to a discussion of the principle points which had been developing in previous meetings leading toward a development for specific recommendations which the committee might make to the Council of the Oregon State Medical Society, and to the preparation of the committee's report, a copy of which is attached to these minutes.

The following motions to be incorporated in the report of the committee were regularly made seconded and passed:

1. The Committee approves the principle of physician-owned prepaid medical service plans for middle and low income groups.

2. That the corporate structure of Oregon Physicians' Service be changed to provide for a Board of Directors of eight members, each serving a four-year term, two to be replaced each year: at an annual meeting of the stock-holders (co-operating physicians). The Board of Directors to be chosen from among the membership of the co-operating physicians, with the provision that not more than three shall be from any one county.

That the new organization of Oregon Physicians' Service shall comply with the ethical standards set up by the Oregon State Medical Society and that the policies of operation shall at all times be subject to the direction of the House of Delegates and/or the Council of the Oregon State Medical Society.

3. That the Board of Directors of Oregon Physicians' Service utilize the actuarial information which it now has available (and to continue to accumulate such information) concerning contracts covering different types of industries and different groups of workers and individuals, to make such changes in premium rates and/or place such limitation on service as may be necessary to accomplish the following purposes:

9799 1) To place Oregon Physicians' Service on a more sound economic basis, and

2) To permit those groups of subscribers who show the best experience rating to benefit by lowered premium rates or increased service or both.

4. a) That in areas of the state where it seems economically feasible or expedient to do so, Oregon Physicians' Service shall continue to sell combined medical and hospital service as it does at present; with the provision that proper separate bookkeeping accounts be set up (including apportionment of overhead) which will accurately represent the cost of providing hospital service. That an amount which will cover this cost be included in the premium rate (and so indicated) and that this portion of the premium rate be changed from time to time as hospital expenses vary.

b) That in any area of the state where it does not seem to be economically sound or expedient for Oregon Physicians' Service to sell both medical and hospital service as provided in a), the Board of Directors may enter into an agreement with some other organization which will assume the responsibility for hospital coverage, thereby offering a two-part contract; Oregon Physicians' Service to assume liability for service, and the other organization to assume liability for hospital service.

Dr. Palmer presented the following suggestions for the consideration of the committee:

1. That the Oregon State Medical Society set up a standard of ethics for all pre-payment plans operating in Oregon.

2. When standards are complied with, then issue stamp of approval to all pre-payment plans who meet the qualifications.

It was the opinion of the majority of those present that this proposal was outside the jurisdiction of this committee since it involved mainly, other plans than Oregon Physicians' Service. It was suggested to Dr. Palmer that he should present his proposal to the Council of the Oregon State Medical Society.

Meeting adjourned.

W. W. Baum,
Chairman

Plaintiff's Exhibit 2108

9800 NATIONAL HOSPITAL ASSOCIATION
731 S. W. Third Avenue
Portland, Oregon, U. S. A.

DOCTOR'S REPORT OF SERVICES RENDERED TO MEMBER OF NATIONAL HOSPITAL ASSOCIATION

(Information to be obtained by Member)

To The Attending Doctor: The information requested in this report is for the purpose of assisting the person named herein to establish a claim with the National Hospital Association to medical, surgical and/or hospital care at the Association's expense. Your early attention will be appreciated as the Association cannot consider the member's claim until your report has been received.

1. Patient (Member) .....Contract.....

2. Address .....
(Street or Rural Route) (City) (State)

3. Chief Complaints .....

.....Date of First Treatment .....19....

4. Objective Symptoms .....

5. History of Condition Treated .....

.....

.....

6. Your Diagnosis .....

7. Services Rendered (Please be Specific) .....

.....

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.....

.....

8. Patient's condition on Date of Last Treatment .....

9. If patient was confined to hospital please furnish dates .....

I HEREBY CERTIFY that the statements contained in this report constitute a full and accurate record of my examination and services for the person named.

Date.....19..... .....M.D.

Address.....

NOTE: The Association reserves the right of paying doctors direct up to the amounts provided for in the member's contract. Where the doctor has been paid, the Association will reimburse the member.

(REPORT ADDITIONAL HISTORY, PROGNOSIS AND CONCLUSIONS ON REVERSE SIDE) (OVER)

REPORT CONTINUED

Additional History: .....

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Prognosis .....

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Conclusions: .....

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Special Remarks: .....

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Form No. 272 ..... M.D.

Plaintiff's Exhibit 2109

9801 Form 134—1M—12-42

STATE INDUSTRIAL ACCIDENT COMMISSION

SALEM, OREGON

MEDICAL AID CONTRACT

THIS AGREEMENT, made and entered into pursuant to the provisions of Section 49-1829, Oregon Code 1930, by and between the STATE INDUSTRIAL ACCIDENT COMMISSION, of the State of Oregon, hereinafter referred to as the Commission, and .....

.....,

of .....,

hereinafter referred to as the Contractor, WITNESSETH:

The Contractor agrees to furnish and provide all proper and necessary Medical and Surgical Services (including services by specialists); Hospital Services; Transportation; Ambulance Services; Nursing; Medicines; X-ray and Laboratory Services, etc., hereinafter referred to as Medical Service, which shall be required by all workmen employed in the .....

..... operations of .....

....., located in ..... county,

State of Oregon, and who may be entitled to same under the provisions of the Workmen's Compensation Law (Sections 49-1801—49-1846, Oregon Code 1930, as amended), on account of personal injuries by accident arising out of and in the course of the employment occurring during the life of this contract.

As to any such workmen so injured during the life of this contract, the obligations of this contract shall continue in full force and effect as long as in the opinion of the Commission medical service is necessary whether such medical service shall be continuous or be required by reason of the claim of any such injured workman having been reopened for medical service on account of aggravation or otherwise or be required after the injured workman has been granted compensation for permanent disability or

whether such medical service shall be required during or after the expiration of this contract. It is the purpose of this contract that the Contractor shall assume full responsibility for the medical service made necessary by a personal injury occurring to a workman as above stated, as long as such medical service may be required; provided, however, that the Contractor shall not be required to furnish medical service to any workman after two years from the date of the injury.

The Medical Service required by this contract is to be rendered promptly and efficiently, and in conformity with the requirements of the Workmen's Compensation Law and the rules and regulations of the Commission.

It is agreed that when, in the opinion of the Commission, the condition of an injured workman covered by this contract is such that his recovery will be facilitated or hastened by placing him under the care of a specialist for medical service, and the Contractor shall fail to provide such medical service, the Commission may direct the Contractor to provide such medical service by some specialist who will be satisfactory to the Commission. If the Contractor shall refuse or neglect to provide the services of a specialist competent to render the medical service required, the Commission may refer the injured workman to a specialist of its own choosing and the expense of the same shall be borne by the Contractor.

It is further agreed that if the Contractor shall fail, refuse or neglect to promptly provide proper or necessary medical service as herein provided, the Commission may provide such medical service as may be proper or necessary, and charge the expense of the same to the Contractor; in which event the Commission shall promptly notify the Contractor. Should the Contractor fail to render such service within a reasonable time, the Commission may continue to provide medical service at the expense of the Contractor. The Contractor shall not be responsible for any expense in providing medical service for a workman who shall fail, neglect or refuse to properly present himself to the Contractor for same. The Contractor shall not be required to furnish greater medical service, or for a longer period, than would have been furnished by the Commission had this contract not been made.

It is further agreed that the right of an injured workman to receive medical service and the nature of such service shall be at the discretion of the Commission and the deci-

sion of the Commission as to the same shall be final and conclusive.

IN CONSIDERATION for the services to be performed by the Contractor, the Commission agrees to pay the Contractor each month, upon receipt by the Commission of the pay roll statements of the employer, according to the following schedule:

..... cents per day or fraction thereof for each workman engaged in the operation of the employer herein named, known as .....

..... cents per day or fraction thereof for each workman engaged in the operation of the employer herein named, known as .....

The Corporation shall render statements to the Contractor at the time of each payment, showing the number of employes and the number of days for which payments are being made.

In event of the failure of the Commission to receive or obtain pay roll statements from the employer within a reasonable time, the Commission shall pay an amount estimated on the pay rolls previously received from the said employer, and an adjustment of the amount due the Contractor shall be made upon the basis of such pay roll when pay roll statements are received by the Commission. The Contractor shall have the right to inspect the employer's pay rolls in possession of the Commission at reasonable times.

If any medical service which is required to be furnished to a workman by the Contractor is furnished by the Commission pursuant to the terms of this contract, the cost of the same shall be charged against any moneys due the Contractor from the Commission.

This contract shall continue in effect for the period beginning with ....., 19....., and ending ....., 19.....; this contract may be cancelled by either party hereto at any time upon giving thirty days' notice in writing to the other party.

This contract shall not be assigned or transferred, by operation of law or otherwise, without the written consent of the Commission.

If this contract should be cancelled by the death of the Contractor, if an individual, or any other reason by either party, without provision, satisfactory to the Commission,

having been made for continuing proper medical service to any workman who may be under treatment at the time of such termination, the Commission may in its discretion engage whatever medical service it shall deem necessary and the said Contractor, ... heirs, executors or assigns, and ..... surety as herein required, shall be liable for the expense of providing such medical service to said workman.

Executed in duplicate this ..... day of ....., 19.....

STATE INDUSTRIAL ACCIDENT COMMISSION

By .....

....

....

Contractor Commissioners

Plaintiff's Exhibit 2110

9818 MEDICAL
and
SURGICAL
FEES

Fees as listed in this schedule will be paid by the Industrial Hospital Association for Medical and Surgical services as provided in the Association's Group, Individual and Family Plan medical agreements.

Effective September 1, 1946

INDUSTRIAL
HOSPITAL ASSOCIATION
Medical Arts Building
Tenth and Taylor Streets
Portland 5, Oregon

BEacon 3193

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GENERAL REGULATIONS

Members of the Industrial Hospital Association have their choice of physicians throughout the state insofar as this can reasonably be accomplished. The Association has no restricted list of physicians but accepts the cooperation of all desirable physidians who wish to participate in taking care of Association Members.

Physicians can best protect the interests of themselves and their patients who are entitled to the benefits of the services contemplated herein by observing the following regulations:

1. Promptly report to the Association any case requiring treatment for longer than one week or for a chronic condition, or which calls for special X-ray or other extensive examination or for surgery. Before the Association can assume the expense of treatments, full informatfon must be received and the member's coverage be established. This is why it is advisable, except in actual emergency, to obtain authorization before doing major surgery or X-Ray work.

2. All cases sent to Portland for special examination or for consultation with specialists should be referred to in the Industrial Hospital Association's offices in the Medical Arts Building, Tenth and Taylor Streets, where the Association's Medical Director will send the patient to the proper examining physician or specialist. If the attending physician or patient has a preference of specialists, that information should be indicated to the Association and insofar as possible, the Association will be guided by this preference. However, the final decision must rest with the Association's Medical Director. When a patient is not referred through the offices of the Association, the Association will not guarantee the full payment of bills, but will pay for approved services at its schedule of fees. Services of specialists in all lines of specialized medical practice are available to Association members when they are properly referred. We earnestly urge the cooperation of all physicians in this regard.

3. Upon completion of a case, submit to the Association an itemized statement of servises rendered, giving dates

and nature of treatment and all other information necessary for the Association to have a complete understanding of the case. If treatment extends over a period of one month an itemized statement should be submitted
9819 at the end of each month. The Association will pay bills promptly as soon as information is assembled to verify claim.

4. Members are required to furnish the attending physician a hospital ticket or treatment certificate as evidence of the Member's right to the benefits of the Association's medical contract service. Physicians should check to see that the ticket is for the current month. They will also find information as to the member's coverage and other regulations on said tickets.

5. In flat fee cases, where multiple conditions are present, take the major fee plus 50% of each additional fee, except in abdominal operations where the major fee only will apply.

6. The fees listed herein will be paid by the Industrial Hospital Association, without discount, in all cases where the services come under the coverage of the Association's medical contracts.

SECTION I

The following regulations apply to fees in this section:

Fees for calls include ordinary examinations and treatment of one or more conditions on the same date.

First call fee paid only once in any one case. (Fee for first call is not paid by the Association for persons holding Individual Membership Certificates, except when such certificates also cover occupational injuries, and then only for occupational injury cases.)

Daily treatments or dressings will be paid for only when the character or severity of the case clearly indicates the need of daily care.

Residence calls and mileage fees will not be paid where member is able to apply at the doctor's office for treatment.

Office, hospital or home call fees do not apply in cases of operations, fractures, dislocations, amputations or other cases listed herein as covered by total or "flat" fees.

Bills submitted must show diagnosis, dates and nature of services rendered.

MISCELLANEOUS FEES

Office Calls:

First call, including routine history and examination	3.00
Subsequent calls	2.50

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SECTION IX.

X-RAY

X-ray films with written diagnosis must accompany all bills for X-ray examinations.

Fees quoted are for X-ray diagnosis, and a sufficient number of views to establish a diagnosis must be taken.

All films received are read by a radiologist, and those not diagnostic will not be paid for by the Association.

X-ray examination for recheck of fractures to note position or progress and for recheck on medical conditions will be paid on basis of 50% of the original fee.

Charges for gastro-intestinal or gall bladder studies or X-rays for other medical diagnosis will be accepted only when work is done by recognized radiologists. In communities where a radiologist's services are not available, an exception to the foregoing rule will be made when the attending physician has had special training in radiographic work. Special authorization should be obtained.

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(The rest of this exhibit consists of fee schedules.)

Plaintiff's Exhibit 2111

9802 MEDICAL
and
SURGICAL
FEES

Fees as listed in this schedule will be paid by the Prudential Hospital Association for Medical and Surgical services as provided in the Association's Group, Individual and Family Plan medical agreements.

Effective July 1, 1949

PRUDENTIAL
HOSPITAL ASSOCIATION
Morgan Building
Portland 5, Oregon

BEacon 7227

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GENERAL REGULATIONS

Members of the Prudential Hospital Association have their choice of physicians throughout the state insofar as this can reasonably be accomplished. The Association has no restricted list of physicians but accepts the cooperation of all desirable physicians who wish to participate in taking care of Association Members.

Physicians can best protect the interests of themselves and their patients who are entitled to the benefits of the services contemplated herein by observing the following regulations:

1. Promptly report to the Association any case requiring treatment for longer than one week or for a chronic

condition, or which calls for special X-ray or other extensive examination or for surgery. Before the Association can assume the expense of treatments, full information must be received and the member's coverage be established. This is why it is advisable, except in actual emergency, to obtain authorization before doing major surgery or X-ray work.

2. All cases sent to Portland for special examination or for consultation with specialists should be referred to the Prudential Hospital Association's offices in the Morgan Building, where the Association's Medical Director will send the patient to the proper examining physician or specialist. If the attending physician or patient has a preference of specialists, that information should be indicated to the Association and insofar as possible, the Association will be guided by this preference. However, the final decision must rest with the Association's Medical Director. When a patient is not referred through the offices of the Association, the Association will not guarantee the full payment of bills, but will pay for approved services at its schedule of fees. Services of specialists in all lines of specialized medical practice are available to Association members when they are properly referred. We earnestly urge the cooperation of all physicians in this regard.

3. Upon completion of a case, submit to the Association an itemized statement of services rendered, giving dates and nature of treatment and all other information necessary for the Association to have a complete understanding of the case. If treatment extends over a period of one month an itemized statement should be submitted at the end of each month. The Association will pay bills promptly as soon as information is assembled to verify claim.

9803 4. Members are required to furnish the attending physician a hospital ticket or treatment certificate as evidence of the Member's right to the benefits of the Association's medical contract service. Physicians should check to see that the ticket is for the current month. They will also find information as to the member's coverage and other regulations on said tickets.

5. In flat fee cases, where multiple conditions are present, take the major fee plus 50% of each additional

fee, except in abdominal operations where the major fee only will apply.

6. The fees listed herein will be paid by the Prudential Hospital Association, without discount, in all cases where the services come under the coverage of the Association's medical contracts.

SECTION I

The following regulations apply to fees in this section:

Fees for calls include ordinary examinations and treatment of one or more conditions on the same date.

First call fee paid only once in any one case. (Fee for first call is not paid by the Association for persons holding certain Membership Certificates. Such exemption is indicated on the member's Treatment requisition.)

Daily treatments or dressings will be paid for only when the character or severity of the case clearly indicates the need of daily care.

Residence calls and mileage fees will not be paid where member is able to apply at the doctor's office for treatment.

Office, hospital or home call fees do not apply in cases of operations, fractures, dislocations, amputations or other cases listed herein as covered by total or "flat" fees.

Bills submitted must show diagnosis, dates and nature of services rendered.

MISCELLANEOUS FEES

Office Calls:

First call, including routine history and examination	3.00
Subsequent calls	2.50

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SECTION IX

X-ray

X-ray films with written diagnosis must accompany all bills for X-ray examinations.

Fees quoted are for X-ray diagnosis, and a sufficient number of views to establish a diagnosis must be taken.

All films received are read by a radiologist, and those not diagnostic will not be paid for by the Association.

X-ray examination for recheck of fractures to note posi-

tion or progress and for recheck on medical conditions will be paid on basis of 50% of the original fee.

Charges for gastro-intestinal or gall bladder studies or X-rays for other medical diagnosis will be accepted only when work is done by recognized radiologists. In communities where a radiologist's services are not available, an exception to the foregoing rule will be made when the attending physician has had special training in radiographic work. Special authorization should be obtained.

* * * * *

(The rest of this exhibit consists of fee schedules.)

Plaintiff's Exhibit 2112

9833

MEDICAL FEE SCHEDULE

RULES AND REGULATIONS

Effective July 1, 1947

(Emblem)

INDUSTRIAL ACCIDENT COMMISSION

SALEM, OREGON

PAUL E. GURSKE, *Chairman* T. MORRIS DUNNE L. O. ARENS
Commissioners

RALPH W. EMMONS, *Administrator*

MEDICAL FEE SCHEDULE, RULES AND REGULATIONS

TO PHYSICIANS AND SURGEONS:

This fee schedule is being used by the State Industrial Accident Commission in the auditing of bills for services rendered on and after July 1, 1947. The schedule was written in collaboration with the fee schedule committee of the State Medical Society.

We urge every physician handling Commission cases to become familiar with all the rules. They are the product of long experience, and each has been dictated by definite

situations. We have earnestly endeavored with each revision to attain greater simplification.

The interests of the patient, of the physician and of the Commission are identical. In almost all misunderstandings, one or more of these three parties concerned are not in possession of all pertinent facts relating to the situation. We urge that reports to the Commission be full and complete. We appreciate that doctors are extremely busy. Experience has demonstrated, however, that the small extra time required to furnish a complete report often prevents extended correspondence and consequent delay in payment for the services rendered.

Disagreements between physicians and the Commission will be referred to the liaison committee of the State Medical Society as in the past. This committee acts in an advisory capacity to the Commission and its recommendations have uniformly been accepted by the Commission.

We deeply appreciate the past cooperation of the medical profession and earnestly desire that the friendly relationship shall continue.

STATE INDUSTRIAL ACCIDENT COMMISSION

F. I. Brown, Assistant Commissioner
Supervisor, Claims Division

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9834 RULES AND REGULATIONS GOVERNING MEDICAL AND SURGICAL SERVICE TO WORKMEN INJURED UNDER THE PROVISIONS OF THE COMPENSATION LAW

The following rules are hereby established by the Oregon State Industrial Accident Commission by authority vested in said Commission by Section 102-1777, O.C.L.A., for the purpose of supervision and control of medical and surgical services rendered injured workmen who are entitled to service under the provisions of the Oregon Workmen's Compensation Act. These rules are subject to change at the discretion of the Commission.

RULES CONCERNING PHYSICIANS' REPORTS

RULE 1

The Original Report

Upon accepting a case which is eligible for treatment under the Workmen's Compensation Act, the physician assumes the obligation of submitting reports to the Commission. The original report of an accident (Form 20) or of an occupational disease (Form 227) should list completely all objective and subjective symptoms, diagnosis, treatment, and a considered estimation of possible time loss. Delayed, incomplete and inaccurate reports impose an unnecessary hardship on the injured workman by delaying compensation payments and otherwise impairing his rights.

RULE 2

Supplemental Information

The spaces provided and the questions asked in the physician's portion (Part III) of Form 20 are adequate for the proper reporting of simple injuries only. This has long been recognized. For the convenience of the physician, however, the Commission has avoided the use of a more complicated form. Attention is directed to the blank space on the reverse of Form 20. The space specifically provided for x-ray diagnosis shall contain a full description of x-ray findings as specified in Rule 48 X-Ray.

In all cases where an adequate report cannot be furnished in Part III of Form 20 because the space provided is inadequate or the information is not appropriate to any of the questions asked or for any other reason, this information shall be presented in the space provided for this purpose on the reverse of Form 20. No Form 20 will be considered as having been properly executed by the physician unless this rule has been carefully observed.

RULE 3

Supplemental Reports

In all cases where disability will or has exceeded 21 days or when the patient has been hospitalized, a detailed sup-

9835 plemental report, fully describing all complaints, findings, treatment (including reasons for hospitali-

zation), and prognosis shall be forwarded immediately, unless this information has been adequately covered in observing provisions of Rule 2.

Routine progress reports submitted on a form are considered an essential part of the service for which fees are listed in this schedule. At times, the Commission may require a supplemental report containing information in greater detail than that which can be reasonably expected on the routine form reports. When such special reports are written at the Commission's request, an additional fee is allowed provided that the report is adequate and rendered promptly.

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RULE 7

Consultations

If the attending physician wishes to have the patient seen in consultation or to transfer him to the care of another physician, prior authorization must be obtained from the Commission. Such a request must be accompanied by a complete report explaining the necessity for the consultation or transfer. In case of an emergency, this rule is waived. See Rule 16. In this event individual reports are to be made immediately by both the attending physician and the consultant describing the findings and recommendations of each.

RULE 8

Fees for Consultation or Special Examination

Fees for special examination or consultation will not be approved unless prior authorization has been obtained and unless a full medical-report of the examination or consultation has been made to the Commission.

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RULE 10

Payment Contingent on Establishment of Claim

Charges for medical service rendered to injured workmen will be considered only when proof of claim has been filed and when the workman's rights to compensation benefits have been established. All bills must be fully itemized, showing the date of each visit, dressing, operation and charge for each. Bills for services rendered must be made on blanks furnished by the Commission, setting forth fully the condition found and treatment given, with charges for same, and must be filed within sixty (60) days following termination of treatment. In cases where services have been rendered by more than one doctor or physician, each doctor or physician must render a separate bill. In every instance, the individual who rendered the service must present a separate bill, whether it be the physician, assistant, the special nurse, or the anesthetist.

RULE 11

Conditions Under Which Payment Will Not Be Made

Payment for medical services will not be made under the following conditions:

(1) Until the injured workman has established his right to the benefits of the compensation law.

(2) After a claim has been closed, unless specifically authorized.

(3) For a period in excess of 30 days following injury unless the attending physician has furnished the Commission with interval medical reports explaining the reason for continued treatments.

(4) For any treatment rendered more than 30 days after specific authorization which was not limited as to time unless there have been filed interval reports showing need for continuation of treatment.

RULE 12

Commission's Right to Audit Bills

The Commission retains the right to audit all bills and charges and determine the reasonableness thereof, and

shall have the right to fix any fee or charge at less than the amount prescribed in the industrial fee schedule and to determine the reasonable amount to be allowed in any case in view of the nature of the injury and the service rendered.

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RULE 16

Authorization for Surgery

In all cases where open bone surgery, plastic surgery on tendons or joints, or other major surgery is deemed indicated, written authority for the same must be obtained from the Commission prior to the time the work is done. In order that requests for authority to operate in the above may be more promptly acted upon by the Commission and its medical staff, such requests must be in the form of a medical report and, in addition to the usual content matter of medical reports, shall deal at length with the following:

(1) Treatment up to the time of request to operate; (2) indications for operation; (3) exact type of operation contemplated; and (4) any contraindications to operation. In cases of emergency, the above requirements are waived, see Rule 17.

In cases of hernia when a workman does not desire to await time required to establish claim before submitting to operation, the operation may be done with the understanding that responsibility for medical costs shall rest with the workman until such time as he can establish his rights to benefits under the compensation law. The percentage of hernia cases done in this manner by any one physician should never become high as compared with the number in which he requests authorization in the usual manner.

RULE 17

Emergencies

In case of an emergency the rules on authorization for consultation and surgery are waived. Within 48 hours

9840 after an emergency operation, the surgeon shall make a full report to the Commission fully describing the pre-operative condition, the operative findings, and the surgical procedure performed.

Determination as to whether or not an emergency existed at the time the consultant was called or the surgery performed shall rest with the Commission after consultation with its medical staff and consideration of the complete medical reports describing the condition which prevailed.

RULES ON TREATMENT

RULE 18

Office, Hospital and Home Visits

Fees shall not be approved for more than one hospital or office call per day, or for daily office visits or dressings unless the nature and extent of the injury as shown by the medical reports clearly indicate the necessity of calls in excess of four per seven day period.

RULE 19

Hospital Care

When the records made to the Commission indicate the workman to be ambulatory, no fee will be allowed for hospital service thereafter. Physicians are required to discharge the patient as soon as his condition has improved to a point where hospital care is not indicated. A patient will be considered ambulatory when permitted to leave the hospital prior to discharge.

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9841 RULE 22

Physical Therapy

Physiotherapy, diathermy or any other form of electrical treatment will not be paid for unless written authority for same is given by the Commission prior to the rendition of such service, and will not be authorized while claimant is

confined to the hospital. When requesting authorization to give physiotherapy, use Form 244 M.A.

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9842 RULES ON THE CLAIMANT'S RIGHTS AND RESPONSIBILITIES

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RULE 27

Right to Select Physician; Commission's Rights

Any workman in the service of an employer who is subject to the law, and who shall sustain a personal injury by accident arising out of and in the course of his employment caused by violent or external means, shall have the right to select a physician of his choice, with exceptions as hereinafter stated, if the physician is conveniently located to render such treatment as is necessary during the period of the workman's disability from such injury; provided, however, that at any time the Commission shall deem it advisable to transfer a patient to some other physician or specialist or place of treatment the right is hereby reserved to do so; provided further, that the Commission reserves the right in all cases within its discretion to contract, direct, control and designate the service and physicians to treat either individuals or groups, either by contract or through the designation of physician or physicians.

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RULES GOVERNING SURGICAL AND MEDICAL SERVICE TO WORKMEN ENTITLED TO TREATMENT AT THE HANDS OF A CONTRACT DOCTOR OR HOSPITAL ASSOCIATION

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RULE B

Workmen entitled to treatment on account of injuries received while employed by a firm subject to the provisions

of the compensation law must apply for such treatment at the hands of a physician selected by the contractor; provided, however, that in the event of an emergency, the contractor must pay for the services of the first attending physician prior to the time it is possible for such physician to transfer the case to a physician designated by the contractor.

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RULE E

The same type of service shall be rendered and the same rules apply to the treatment of cases coming under

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9844 the provisions of a medical contract as apply to cases treated under the direct supervision of the State Industrial Accident Commission.

RULE F

It shall be the duty of the contracting party to furnish examination, diagnosis and treatment by a specialist in all cases of eye injury or any other condition that cannot be effectively handled by the surgeon in charge, and such work shall be paid for by the contracting parties. The decision of the Commission with respect to the necessity for treatment by a specialist shall be final.

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RULE I

Contractors are required to comply with all rules with respect to reports, authorization to proceed with major surgery and all other rules of procedure that apply to the conduct of cases by physicians who are not treating under a hospital contract.

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MEDICAL FEE SCHEDULE

Medical and Surgical Service Procedure

In no instance shall a physician charge the Commission in excess of his customary charge to his other patients

for the same service; regardless of the fee quoted in this schedule. This rule applies to all divisions and items of this fee schedule.

FIRST VISIT (Including report (Form 20) and dressing):

Office—Day 7 a.m. to 7 p.m. week days	$ 4.00
Office—Day 7 p.m. to 11 p.m. week days	6.00
Office—Day 7 a.m. to 11 p.m. Sundays and Holidays	6.00
Office—11 p.m. to 7 a.m. any day	7.50
	May be added to flat fees as specified below.
Hospital—Day 7 a.m. to 7 p.m. week days—Routine call	5.00
Hospital—Day 7 p.m. to 11 p.m. week days—Routine call	6.00
Hospital—Day 7 a.m. to 11 p.m. (emergency) where office hours are interrupted	7.50
Hospital—7 a.m. to 11 p.m. Sundays and Holidays	6.00
Hospital—11 p.m. to 7 a.m. any day	10.00
	May be added to flat fees as specified below.
Home—Day 7 a.m. to 11 p.m. week days	7.50
Home—Day 7 a.m. to 11 p.m. Sundays and Holidays	7.50
Home—11 p.m. to 7 a.m. any day	10.00
	May be added to flat fees as specified below.
To place of injury—Day 7 a.m. to 11 p.m. any day	7.50
To place of injury—11 p.m. to 7 a.m. any day	10.00
	May be added to flat fees as specified below.

ALL SUBSEQUENT VISITS

Not more than 4 subsequent calls per 7 day period will be allowed. This rule is the result of an agreement between a Committee representing the Oregon State Medical Society and the Accident Commission. In instances where